

CHESAPEAKE

UTILITIES CORPORATION

DELAWARE DIVISION

RULES AND REGULATIONS

GOVERNING THE DISTRIBUTION

AND SALE OF GAS

OF

CHESAPEAKE UTILITIES CORPORATION

IN

NEW CASTLE, KENT & SUSSEX COUNTIES, DELAWARE

Issue Date: _____

Effective Date: For Service Rendered on and after, _____

Authorization: Order No., _____

Deleted: April 17, 2002

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Deleted: 5932 dated April 16, 2002
in PSC Docket No. 01-307

Chesapeake Utilities Corporation
Delaware Division Tariff
Reference from the Old Tariff Sections to the Revised Tariff Sections

Section	Title	Sheet No.	Notes
I	General	1	Section 14.3 (old) moved to Section 1.6 (new)
II	Curtaiment	2	Section 2.1 moved to 15.1 Section 2.2 moved to Technical Terms and Abbreviations Section 2.3 moved to 15.2 Section 2.4 moved to 15.3 Section 2.5 moved to 15.4 Section 2.6 moved to 4.3 M
III	Application for Service	6	Section 3.1 moved to 4.1 Section 3.2 moved to 4.3 Section 3.3 moved to 4.4 Section 3.4 moved to 4.5 Section 3.5 moved to Technical Terms and Abbreviations Section 3.6 moved to Technical Terms and Abbreviations
IV	Customer's Installations	8	Section 4.1 moved to 5.1 Section 4.2 moved to 5.3 Section 4.3 moved to 11.5 Section 4.4 moved to 11.4 Section 4.5 combined with 4.7, 6.6 and 8.1 and moved to 11.1, paragraphs 2 – 4. Section 4.6 moved to 10.6 Section 4.7 combined with 4.5, 6.6 and 8.1 and moved to 11.1 paragraphs 2-4. Section 4.8 moved to 5.2 Section 4.9 combined with 6.7 and 8.3 and moved to 11.9 Section 4.10 moved to 5.9
V	Testing and Inspection of Customer's Piping	11	Section 5.1 moved to 5.2A Section 5.2 moved to 5.6
VI	Extensions	12	Section 6.1 moved to 10.1 Section 6.2 moved to 10.2 Section 6.3 moved to 10.3 Section 6.4 moved to 10.5 Section 6.5 moved to 10.4 Section 6.6 combined with 4.5, 4.7 and 8.1 and moved to 11.1 paragraphs 2 – 4. Section 6.7 combined with 4.9 and 8.3 and moved to 11.9.
VII	Rights-of-Way and/or Easements	13	Section 7.1 moved to 11.7A Section 7.2 moved to 11.7C Section 7.3 moved to 11.7D Section 7.4 moved to 11.7E Section 7.5 moved to 11.7F

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VIII	Company Equipment on Customer's Premises	14	Section 8.1 combined with 4.5, 4.7 and 6.6 and moved to 11.1 paragraphs 2 – 4. Section 8.2 moved to 11.2 Section 8.3 combined with 4.9 and 6.7 and moved to 11.9. Section 8.4 moved to 11.3 Section 8.5 moved to 11.6
IX	Service Continuity	15	Section 9.1 moved to 14.1 Section 9.2 moved to 14.3 Section 9.3 moved to 14.4
X	Customer's Use of Service	16	Section 10.1 moved to 9.1 Section 10.2 moved to 9.2 Section 10.3 moved to 9.3 Section 10.4 moved to 5.6 Section 10.5 moved to 9.4 Section 10.6 moved to 9.5
XI	Measurement	18	Section 11.1 moved to 12.1 Section 11.2 moved to 12.2 Section 11.3 moved to 12.4 Section 11.4 moved to 12.6 Section 11.5 moved to 13.5
XII	Meter Tests	20	Section 12.1 moved to 12.8 Section 12.2 moved to 12.10 Section 12.3 moved to 12.9
XIII	Payment Terms	22	Section 13.1 moved to 6.1 Section 13.2 moved to 7.1, 7.2A, 7.4 and 7.5 Section 13.3 combined with 15.3 and moved to 13.1. Section 13.4 moved to 13.2 Section 13.5 moved to 13.11 Section 13.6 moved to 13.7 Section 13.7 moved to 17.1 Section 13.8 moved to 8.6 Section 13.9 moved to 13.8
XIV	Disconnection by the Company	26	Section 14.1 moved to 17.1, 17.2 and 17.4 Section 14.2 moved to 8.2 – 8.5 Section 14.3 moved to 1.6
XV	Termination of Service	27	Section 15.1 moved to 17.5 Section 15.2 moved to 18.1 Section 15.3 combined with 13.3 and moved to 13.1.
XVI	Application of Rates	28	Section 16.1 moved to 6.2, 12.11 and 12.12

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Section	Title	Sheet No.	Notes
RS	Residential Service	29	Replaced with RS-1, RS-2, RS-3 and RSS
GS	General Service	30	Replaced with GS-1 through GS-7
MVS	Medium Volume Service	31	Deleted
LVS	Large Volume Service	32	Deleted
HLFS	High Load Factor Service	33	Deleted
NGV	Natural Gas Vehicle Service	34	Retained
GCR	Gas Cooling Service – Residential	35	Deleted
GCO	Gas Cooling Service – Other	36	Deleted
GLR	Gas Lighting Service – Residential	37	Retained
GLO	Gas Lighting Service – Other	38	Retained
NCR	Negotiated Contract Rate	39	Retained
IS	Interruptible Service	40	Deleted
IBE	Interruptible Best Efforts Sales Service	41	Retained
GSR	Gas Sales Service Rates	42	Moved to Section 20 of the Tariff and to each rate category that it applies to.
	Transportation and Balancing – General Terms and Conditions	43	Moved to Section 19 of the Tariff
SUP	Gas Supplier Requirements	44	Moved to Section 19 of the Tariff
ER	Environmental Rider	45	Retained
SFS	Seasonal Firm Service	46	Deleted
TSFF	Town of Smyrna Franchise Fee Rider	47	Retained
CMFF	City of Milford Franchise Fee Rider	48	Retained
TGFF	Town of Georgetown Franchise Fee Rider	49	Retained
MBFF	Town of Millsboro Franchise Fee Rider	50	Retained

Chesapeake Utilities Corporation
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Reference from the Old Tariff Sections to the Revised Tariff Sections

The following Rate Categories have been added in the new Tariff:

FTS-1 through FTS-7	Firm Transportation Service
ITS	Interruptible Transportation Service
SAS	Shipper Administrative Service
SABS	Shipper Administrative and Billing Service
DBS	Daily Balancing Service
SSS	Seasonal Swing Service
AEP	Area Extension Program Rider
ECCR	Energy Conservation Cost Recovery Rider
RNM	Revenue Normalization Mechanism Rider
TCR	Transportation Cost Recovery Rate Adjustment Rider

RULES AND REGULATIONS

SECTION I - GENERAL

1.1 FILING AND POSTING

A copy of this Tariff, which is the rates, rules and regulations under which gas service will be supplied by Chesapeake Utilities Corporation to its Consumers, is on file with the Public Service Commission of Delaware, and is posted and open for inspection at the offices of the Company. The Tariff is supplementary to any Regulations of that Commission.

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1.2 REVISIONS

This Tariff may be revised, amended, supplemented and otherwise changed from time to time in accordance with the Public Service Commission Law of Delaware, and such changes, when effective, shall have the same force and effect as the present Tariff.

1.3 APPLICATION OF TARIFF

The Tariff provisions apply to any party or parties receiving service from the Company as defined in Section 3 of this Tariff, or to such party's successors and assigns, under the rates set forth therein ("Consumers"). The receipt of Gas at the Point of Delivery shall constitute the Consumer receiving such Gas Delivery Service as a Consumer of the Company as the term is used herein. The execution of an ATS Shipper's agreement shall constitute such ATS Shipper a Consumer of the Company as the term is used herein.

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1.4 RULES AND REGULATIONS

The Rules and Regulations, filed as a part of this Tariff, are a part of every contract or agreement for service, whether written, oral or implied, made by the Company and govern all classes of service where applicable. Subject to the approval of the Commission, the Company shall have the right to interpret and determine the applicability of such rules and regulations.

1.5 STATEMENT OF AGENTS

No agent or employee of the Company has authority to make any promise, agreement or representation inconsistent with the provisions of this Tariff.

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RULES AND REGULATIONS

SECTION II - CURTAILMENT

2.1 GENERAL [Moved to Section 15.1]

In the event that the Company determines that there is insufficient Gas supply to meet the demands of Consumers on its distribution system, or in case of an operational emergency that threatens the integrity of the Company's distribution system, the Company may, at its sole discretion, curtail service to Consumers. Curtailments will be made to maintain supply to its firm service Consumers in the priorities set forth below. When curtailment is necessary, the Company shall use its best efforts to ensure that sufficient Gas quantities will be available to maintain a temperature which will keep building pipes from freezing and provide for Plant Protection Use. Prior to, or in conjunction with curtailment, the Company may call for voluntary usage reductions on the part of all Consumers. The Curtailment shall remain in effect until such time as the Company, in its sole discretion, determines that normal service can be restored. The Company shall provide as much notice to Consumers as possible prior to the curtailment of deliveries.

2.2 DEFINITIONS [moved to Technical Terms and Abbreviations Section of Tariff]

Essential Human Needs: Residences, apartments, hotels, motels, dormitories, hospitals, nursing homes, emergency service occupancies and other institutions essential to the public welfare.

Plant Protection Use: Minimum volumes of Gas required to prevent physical harm to a non-residential facility's processes or prevent danger to the facility's personnel when such protection cannot be afforded through the use of an alternative fuel. Plant protection requirements include Gas quantities necessary for the protection of such material in process as would otherwise be destroyed, but does not include Gas deliveries required to maintain production.

2.3 CURTAILMENT PRIORITIES [Moved to Section 15.2]

Curtailment to the extent necessary as determined by the Company, up to and including complete curtailment, shall be done in accordance with the following list of priorities, starting with the lowest priority, Priority 6. In the event a Consumer has an emergency that would cause the Consumer great hardship if Gas service is curtailed, the Company may, at its sole discretion based on available Gas supply, waive interruption for a specified period of time. If the Consumer fails to discontinue Gas use by the end of the specified period, the Consumer shall be subject to Unauthorized Overrun Charges, as provided herein.

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RULES AND REGULATIONS

SECTION II (Continued)

2.3 CURTAILMENT PRIORITIES (continued) [Moved to Section 15.2]

Priority 1: Essential Human Needs Consumers.

Priority 2: All other Consumers other than priority 1 Consumers will be curtailed to the extent necessary as determined by the Company.

Priority 3: Firm commercial and industrial Consumers using above 10,000 Ccf per year.

Priority 4: Firm commercial and industrial Consumers using above 50,000 Ccf per year.

Priority 5: Firm commercial and industrial Consumers using above 100,000 Ccf per year.

Priority 6: All interruptible Consumers.

2.4 CURTAILMENT OF CONSUMER-OWNED GAS [Moved to Section 15.3]

If adequate supply to priority Essential Human Needs Consumers is threatened in the Company's judgment, Consumer-owned transportation gas may be curtailed in addition to system supply and in the same order of priorities. In the event that Consumer-owned Gas is diverted for use by higher priority Consumers, the Company will reimburse the Consumer by paying the cost of the Consumer's alternative fuel or, if the Consumer has no alternative fuel, reimbursement will be at a price equivalent to No. 2 fuel oil. In lieu of this provision, the Company may enter into contractual or informal arrangements with transportation Consumers or any other parties to obtain supplies to avoid curtailments.

2.5 LIABILITY [Moved to Section 15.4]

The Company shall not be liable for any damages, loss of product, or other business losses suffered by Consumers as a result of curtailed Gas service, other than the compensation provided in paragraph 15.3 above. The Company shall not be liable for curtailment as a result of any action by any governmental agency with jurisdiction to regulate, allocate, or control Gas supplies or the rendering of Service, regardless of any defect in such law, regulation, or order.

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RULES AND REGULATIONS

SECTION II (Continued)

2.6 ADDITIONAL LOADS [Moved to Section 4.3 M]

M. When it is necessary to restrict Gas Delivery Service and/or conserve the supply of Gas as provided below and as may be applicable under Section 15:

1. In the event that the Company's distribution system Gas delivery capabilities or Gas supplies become limited for any reason, the Company reserves the right to restrict or curtail Gas deliveries for new Consumer loads (either sales service or Transportaion Service) in such manner as to cause the least hardship to present or prospective Consumers, taking into consideration the capacities of local mains and facilities and the quantity of Company-supplied Gas available. In each of the classifications listed below, existing Consumers shall be allowed to increase current Gas delivery quantities before new Consumers will be allowed to initiate service.

2. During any period when the Company's delivery capabilities and/or Gas supplies are limited, the Company shall maintain a register of Consumers applying for Gas Delivery Service, who are not already being served by the Company, in order to assist the Company in forecasting peak demands for Gas Delivery Service and the Company's Gas supplies, and to afford a basis of priority in providing such service and/or supply to existing Consumers, as well as to prospective Consumers.

3. During any period when the Company's delivery capabilities and/or Gas supplies are limited the Company shall not provide Gas Delivery Service and/or Gas supplies for any purpose unless application for such Gas Delivery Service and/or Gas supply was registered with the Company prior to the connection of Consumer's Gas equipment, and approval thereof was given by the Company.

4. The priority in which additional Gas loads will be accepted is:

	DESCRIPTION	TYPE
(a)	Non-space heating load Peak day less than 1,000 cu. ft.	Residential
(b)	Non-space heating load Peak day less than 1,000 cu. ft	Commercial Industrial
(c)	Space heating load Peak day less than 2,000 cu. ft.	Residential Commercial Industrial
(d)	Dwelling Units - Home or Apartments	Residential

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Individually Billed
Not to exceed 25 units at one location.

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SECTION II
(Continued)

2.6 ADDITIONAL LOADS (continued) [Moved to Section 4.3 M]

DESCRIPTION	TYPE
(e) Dwelling Units - Home or Apartments Master Metered Not to exceed 25 units at one location	Commercial
(f) Non-space heating load Peak Day not to exceed 10,000 cu ft	Commercial Industrial
(g) Space Heating Load Peak day less than 10,000 cu. ft.	Commercial Industrial
(h) Same as (d) above except in increments of 26 to 100 units at one location.	
(i) Same as (e) above except in increments of 26 to 100 units at one location.	
(j) Same as (d) above except in increments of over 100 units at one location.	
(k) Same as (e) above except in increments of over 100 units at one location.	
(l) All other commercial and industrial loads.	

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5. Company reserves the right to establish priority of loads in accordance with the Gas quantities within each category above.

6. Company reserves the right to allocate Gas to various priority categories listed above based on estimated Gas delivery quantities and Gas supply quantities and to make adjustments as actual quantities vary from the estimate.

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RULES AND REGULATIONS

SECTION II
(Continued)

2.6 ADDITIONAL LOADS (continued) [Moved to Section 4.3 M]

7. When anticipated Gas delivery capability and/or Company Gas supplies are not sufficient to serve all new Applicants in one of the above categories, priority will be given in the order in which such applications were registered with the Company, provided any new service or Gas load is connected within a reasonable time after notice from the Company that it may be served.

8. When the evidence available to the Company reasonably indicates that a Consumer has connected additional load without registering same or in violation of the Company's notice that it may not be connected, the Company will discontinue all service to such Consumer, upon ten days written notice, until such additional load has been disconnected.

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RULES AND REGULATIONS

SECTION III - APPLICATION FOR SERVICE

3.1 APPLICATION [Moved to Section 4.1]

Application for Gas service may be made by a prospective Consumer (the "Applicant") through the local office of the Company or authorized agent, by:

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- A. Verbal or telephonic request to a business office of the Company, or
- B. Electronic request to the Company's web site (www.chpkgas.com), or
- C. If required by Company, by submission to Company of a completed Gas Delivery Service Application (certain Applicants may be required to execute a Transportation Service Agreement).

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The Company reserves the right to require any Applicant execute a Gas Delivery Service Agreement application at the local office with proper identification before any service is activated. The application does not constitute a commitment by the Company to serve the Applicant.

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3.2 COMPANY'S RIGHT TO WITHHOLD SERVICE [Moved to Section 4.3]

The Company may place limitations on the amount or character of service it will supply, or may reject applications for any of the following reasons:

- (A) Until the Applicant has complied with the state and municipal regulations governing Gas service.
- (B) If the Company does not have adequate facilities to render the service desired.
- (C) If such service is of a character that it is likely to unfavorably affect service to other Consumers.
- (D) If, in the judgment of the Company, the Applicant's installation of piping or Gas equipment is hazardous, or of such a character that satisfactory and safe service cannot be rendered.
- (E) If, in the judgment of the Company, the Company's employees and/or contractors may encounter a hazardous condition which may affect the welfare of same, until such time as the hazardous condition is remedied.
- (F) If an extension of street main, except as set forth under Section 10, is required to furnish such service.

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- (G) Applicant's failure to establish credit or provide a deposit to insure payment of bills,

where requested by the Company under the provisions of Section 7.

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(H) Applicant has failed to pay any and all indebtedness to the Company for prior Gas service.

(I) Applicant's failure to make such payment as may be required under Section 10 as a condition of extension of supply facilities.

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SECTION III
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3.2 COMPANY'S RIGHT TO WITHHOLD SERVICE (Continued) [Moved to Section 4.3]

(J) Applicant's failure to pay the Connection Charge, Reconnection Charge or Seasonal Consumer Charge.

(K) Service at new location will be rendered only when all bills for Gas service to the Applicant at any other locations have been paid.

(L) Non-compliance with provisions of this tariff.

3.3 ACCEPTANCE OF SERVICE [Moved to 4.4]

Acceptance of Gas Delivery Service by the Applicant shall constitute an agreement to accept service under these Rules, Regulations and Rates as amended from time to time, the Orders or Rules of the Public Service Commission of Delaware, the Laws of the State of Delaware and the Laws of the United States of America.

3.4 CONSUMER TO SPECIFY SERVICE CONNECTION TIME [Moved to Section 4.5]

An Applicant shall give two (2) business days notice to the Company for Gas service to be connected during Normal Business Hours, under normal operating conditions. As a safety precaution, the Applicant, or an adult representative of the Applicant, shall be present at the premises for Gas service to be connected. If, due to unforeseen or emergency circumstances, the Company is not able to meet the two (2) business day connection schedule, the Applicant shall be informed, and a new arrangement made. The Connection Charge provided in Section 8 shall apply to all Gas service connections.

3.5 POINT OF DELIVERY [Moved to the Technical Terms and Abbreviations Section]

Point of Delivery - The point at the intersection between the facilities of the Company and the Consumer at which Gas leaves the outlet side of Company's meter, or other designated custody transfer point, and enters the Consumer's Installation.

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of gas to a Customer shall be at the outlet side of the meter connection at which point title to the gas shall pass to the Customer. The use of Service on two or more separate meters will not be combined for billing purposes.

(Exception) Combined billings for registrations of multiple meters installed on a customer's premises is permitted only where such multiple meters are installed for the convenience of the Company.

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RULES AND REGULATIONS

SECTION III (Continued)

3.6 CHARACTER OF GAS [Moved to Technical Terms and Abbreviations Section]

Gas – Natural Gas that is in conformance with the quality specifications of Transporter(s), or a mixture of Gases suitable for fuel delivered through the Company's distribution system. The Gas to be served will be natural Gas with a specific gravity of approximately .60, a minimum value per cubic foot of 1,000 BTU, and that is in conformance with the quality specification of Transporter(s) delivering such Gas to the Company's Delivery Points, or such other gas as may be approved by the Public Service Commission. The Company shall have the right to supply stand-by or peak shaving Gas of similar characteristics when necessary.

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SECTION IV – CUSTOMER'S INSTALLATIONS

4.1 INFORMATION SUPPLIED BY CONSUMER [Moved to Section 5.1]

Any Applicant desiring to equip a premises for the use of Gas, shall communicate with the Company personally, or through a contractor or other authorized agent, giving the exact location of the premises and details of all Gas consuming equipment to be installed.

4.2 POINT OF CONNECTION [Moved to Section 5.3]

The Company shall designate the point where the Applicant would, if served, be required to terminate its piping for connection to the facilities of the Company. The furnishing of such information does not constitute an agreement, or obligation, on the part of the Company to render service.

4.3 METER SPACE [Moved to Section 11.5]

The Consumer shall provide, free of expense to the Company, a space satisfactory to the Company for meters, regulators or other Company facilities necessary for the rendering of adequate and safe Gas Delivery Service. The Company reserves the right to establish the standard as to the location of such space in accordance with pressure conditions, volumes, and other pertinent factors.

4.4 LOCATION OF COMPANY FACILITIES [Moved to Section 11.4]

The Company shall have the right to determine the location of its meters, which must be placed where they will be easily accessible. The Consumer or owner of the premises served by Company facilities shall provide at all times and maintain free of expense to the Company, proper space for the Company's measurement facilities. Likewise, the Consumer is warned not to permit materials of any character to be piled up or heaped around the meter location. The Consumer shall reimburse the Company for the loss of, or any damage to its meters and meter connections, or other property of the Company while located on the Consumer's premises, arising out of or caused by Consumer's negligence, carelessness; or that of Consumer's servants, agents, employees, members of the Consumer's household, or any person upon the Consumer's premises with or without the Consumer's permission.

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RULES AND REGULATIONS

SECTION IV (Continued)

4.5 METER CONNECTIONS [Combined with 4.7, 6.6 and 8.1 and moved to paragraphs 2 - 4 in Section 11.1 – Ownership and Maintenance]

The Company shall own, furnish (unless an alternate arrangement is agreed to by the Company in its sole discretion), and maintain the meter, pressure regulator, meter connection, electronics, remote reading device, if any, and all other appurtenant equipment required to regulate and measure the Gas delivered to the Consumer. The Company must be notified when the Consumer desires to have the meter installed, changed or removed.

4.6 TEMPORARY SERVICE EXTENSIONS [Moved to Section 10.6]

The Consumer shall pay the cost for all material, labor and all other necessary expense incurred by the Company in supplying Gas service to the Consumer for any temporary purpose or use, and shall pay the cost of removing material after service is discontinued, in addition to the regular payments for Gas service, as provided in the applicable Temporary Service Rider Rate Schedule. The Company will credit the Consumer with the reasonable salvage value of any material recovered.

4.7 SERVICE LINES [Combined with Section 6.6 and 8.1 and moved to paragraph 2 and paragraph 4 in Section 11.1 – Ownership and Maintenance]

The Company shall install, own and maintain all Gas distribution service lines between the Company's mains and the Consumer's Point(s) of Delivery.

The Company shall be responsible for replacement or renewal of all Company facilities up to the Point of Delivery. The Company shall maintain and keep in good repair all Company facilities installed on the premises of the Consumer.

4.8 HOUSE PIPING [Section 5.2, which has been completely rewritten, now covers the information in this section]

5.2 CONSTRUCTION AND MAINTENANCE STANDARDS

A. Consumer's Installation

The Consumer's Installation shall be constructed and maintained in accordance with the Consumer Rules and Regulations of the Company and all governmental regulations applicable to Consumer's Installation, including locally adopted building and Gas Code requirements. Prior to activating Gas service, the Consumer's facilities and appliances must meet all applicable Code requirements. The Consumer shall not utilize any apparatus or device which is not properly constructed, controlled, or protected, or which

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¶ Customer's installation shall be installed at the Customer's expense and shall be maintained by Customer in compliance with applicable codes.¶

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may adversely affect Transportation Service; and the Company reserves the right to discontinue or with hold Transportation Service to any Consumer on account of any defect in Consumer's Installation.

B. House Pipe Size

Interior Gas pipe size, quality and other specifications shall meet the requirements of any locally adopted building and Gas code requirements, or, in the absence of such locally adopted requirements, the National Fire Protection Association (NFPA) Pamphlet 54.

C. Installed at Consumer's Expense

Consumer's Installation shall be installed at the Consumer's expense and shall be maintained by Consumer in compliance with applicable codes.

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4.9 TAMPERING [Combined with Section 6.7 and 8.3 and moved to Section 11.9]

The Consumer shall not open, tamper or interfere with, in any manner, the service line, regulators, or safety appliances installed in connection with service provided to the Consumer. The Company's main, service line, service cock, curb box and meter shall not be tampered or interfered with at any time. In the event of the Company's meters or other property being tampered or interfered with, the Consumer being supplied through such equipment shall pay the amount which may be reasonably estimated to be due for service used but not registered on the Company's meter, and for any repairs, replacements or changes in facilities required, as well as for costs of inspections, investigations and protective installations.

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RULES AND REGULATIONS

SECTION IV
(Continued)

4.10 RESPONSIBILITY OF CONSUMER [Moved to Section 5.9]

The Company's ownership and responsibility terminates at the meter outlet. Consumer is warned of the risk of damage to property and the possibility of fire or personal injury resulting from improper house piping and manner of attachment or use and maintenance of Gas appliances, fixtures, and apparatus, and is advised to permit no one except experienced and capable pipe fitters to install or to make any changes, alterations, additions or repairs to any part of Consumer's Installation. The Company shall not be liable for any injury or damage or loss of Gas caused by reason of defects in any portion thereof.

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RULES AND REGULATIONS

SECTION V - TESTING AND INSPECTION OF CUSTOMER'S PIPING

5.1 REQUIREMENT [Moved to Section 5.2 A. and rewritten, see the edit in old Section 4.8]

Prior to providing gas service, the Customer's facilities and appliances must be in accordance with the National and Local Code requirements.

5.2 DEFECTIVE INSTALLATIONS [Moved to Section 5.6]

The Company shall have the right, but shall not be obliged, to inspect any installation before Gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements, or with any national and local code requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the Consumer's installation, piping or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the Consumer.

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RULES AND REGULATIONS

SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS

6.1 SERVICE INSTALLATIONS [Moved to Section 10.1]

The Company shall install the service line from its existing distribution main to the Consumer's meter location at its expense. However, if the service line exceeds seventy-five (75) feet in length, the Company's initial investment in the entire service installation shall be limited to six (6) times the related estimated annual base Tariff revenue excluding all fuel costs ("net revenue") from the Consumer. The amount of the investment that exceeds the six (6) times net revenue test for the service installation shall be paid by the Consumer in accordance with the terms of Section 10.3.

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Service Installations, as used in this section for purposes of the six (6) times net revenue test, refers to the costs associated with the service line piping, meter installation and associated materials from the tap on the Company's Gas distribution main system up to and including the Consumer's meter.

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6.2 MAIN EXTENSIONS [Moved to Section 10.2]

Main extensions to the Company's Gas system shall be provided, owned and maintained under the terms and conditions stated herein. Main extensions, as used in this section for purposes of the economic evaluation criteria, refers to the cost of Gas distribution mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing Gas distribution main system to the initiation of the service line. The Company will make extensions to existing mains of one hundred (100) feet per Consumer without charge. Main extensions beyond one hundred (100) feet per Consumer from existing mains are limited to the extent of new investment warranted by the anticipated revenues as stated in this Section 10.

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A. New Residential Development(s) - Main Extensions Less Than 500 Feet

If a main extension to serve a new residential development(s) is less than 500 feet in length, the Company will construct the facilities at no charge if the Company's estimated investment in both the main extension and service installation is equal to, or less than six (6) times the annual base Tariff revenue, excluding all fuel costs ("net revenue") from Consumers to be initially served from the main extension during the first year of the development. If the estimated investment exceeds the six (6) times net revenue test, the Consumer(s) shall provide a financial guarantee in accordance with the terms of Section 10.3.

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RULES AND REGULATIONS

SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)

6.2 MAIN EXTENSIONS (Continued) [Moved to Section 10.2]

B. New Residential Development(s) - Main Extensions Over 500 Feet

If a main extension to serve a new residential development(s) is greater than 500 feet in length, the economic evaluation criteria for installing natural Gas service to the new residential development will be based on an Internal Rate of Return Model ("IRR") with certain predetermined conditions and guidelines.

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C. Existing Residential Developments

If the estimated investment in the facilities necessary to provide Gas service to existing residential developments exceeds six (6) times the related annual net revenue from the respective Consumer(s), the Consumer(s) shall provide a financial guarantee in accordance with the terms of Section 10.3.

Deleted: The applicable procedures and guidelines in the implementation of the IRRM are on file with and have been approved by the Delaware Public Service Commission. The procedure used to determine whether a financial guarantee will be required from a Customer(s) is part of the IRRM methodology on file with the Commission.

For purposes of existing residential developments, the number of Consumers to be used in the evaluation criteria will be based on the actual number of Consumers intending to convert to natural Gas service within ninety (90) days and who have signed an application for natural Gas service with the Company.

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D. Commercial and Industrial Main Extensions

The economic evaluation criteria for installing natural Gas service to commercial and industrial Consumers, including transportation and non-firm Consumers, will be the six (6) times net revenue test based on the commercial and industrial Consumers' estimated level of annual non-fuel revenue. The estimated annual non-fuel revenue is defined as the estimated annual base Tariff revenue or delivery service revenue excluding all fuel related costs for the respective Consumer. If the estimated investment in the facilities necessary to provide Gas service exceeds six (6) times the related annual non-fuel revenue from the respective Consumer(s), the Consumer(s) shall provide a financial guarantee in accordance with the terms of Section 10.3.

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RULES AND REGULATIONS

**SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)**

6.3 FINANCIAL GUARANTEES [Moved to Section 10.3]

Financial Guarantees may be made by a Contribution in Aid of Construction ("CIAC"), a Customer Advance, a Letter of Credit, or other financial guarantee at the Company's discretion.

Should the Consumer provide a Consumer Advance, the Company will provide, in a written agreement with the Consumer, for refunds (without interest) of all, or part, of the monies advanced by the Consumer in connection with the extension and the applicable economic evaluation criteria. Refunds to the Consumer shall extend over a term of years, not to exceed six years, upon such basis or conditions as may be mutually agreeable to the Company and the Consumer, and specified in the written agreement. In no case shall the total refund be greater than the Consumer's deposit. Any portion of the deposit remaining after the expiration of the term as specified in the written agreement shall be retained by the Company and credited as a Contribution In Aid of Construction. Should the Consumer provide a Letter of Credit or other financial guarantee, the estimated revenue attributable to the extension shall be examined prior to the expiration of the Letter of Credit or other financial guarantee. The Company may either draw on the Letter of Credit or other financial guarantee or require that it be renewed, where a continued financial guarantee is still required.

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6.4 AREA EXTENSION PROGRAM [Moved to Section 10.5 and rewritten, see new tariff for the revisions]

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¶
The AEP, which shall be stated on a per Ccf basis, shall apply with respect to all natural gas sold or transported to Company customers located within the applicable discrete geographic area during the amortization period, and shall not at any time exceed \$0.20 per Ccf.¶

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RULES AND REGULATIONS

**SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)**

6.4 AREA EXTENSION PROGRAM (Continued) [Moved to Section 10.5 and rewritten, see new Tariff for the revisions]

6.5 RIGHT TO DETERMINATION [Moved to Section 10.4]

In each and every situation where the Company and the prospective Consumer cannot agree as to the necessity for a financial guarantee to be borne by the prospective Consumer, the prospective Consumer will be advised by the Company of the right to have the matter determined by the Public Service Commission under 26 Del Code, Section 203.

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¶ AEP amounts collected shall be used specifically to amortize the cost of the project facilities within the applicable discrete geographic area requiring a CIAC. If the AEP collected is sufficient before the expiration of the amortization period to fully amortize the excess costs, including the provision for the accumulated cost of capital, the AEP for said discrete geographic area shall terminate immediately, and the Company shall promptly credit the affected customers for amounts over collected, if any. The Company will absorb any under recovery in existence at the end of the amortization period.¶

¶ The Company shall have the right to reassess the amount of revenue available to recover the unamortized excess cost of the facilities on an ongoing basis and recalculate the AEP rate as needed, provided however, to the extent that any change in the AEP rate is required, the Company shall only have the right to change the rate once during the amortization period, subject to the maximum rate limitations set forth above.¶

¶ The initial AEP rate computation and any further change to the established rate will be submitted to the Public Service Commission for review and approval prior to the effective date of the surcharge. The AEP rate will then appear on Rate Schedule "AEP" in the Company's tariff. The Experimental Area Extension Program will be evaluated by the Commission at the expiration of ... [1]

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The AEP rate will be calculated by dividing (1) the amount of additional revenue required in excess of the Company's applicable tariff rates, including any taxes calculated on gross revenue, by (2) the volume of gas reasonably forecast to be sold or transported to customers within the applicable discrete geographic area during the amortization period. The additional revenue required is the amount determined necessary to recover the excess cost of the facilities, including the Company's allowed cost of capital as determined in accordance with the Company's internal rate of return model on file with the Public Service Commission.

AEP amounts collected shall be used specifically to amortize the cost of the project facilities within the applicable discrete geographic area requiring a CIAC. If the AEP collected is sufficient before the expiration of the amortization period to fully amortize the excess costs, including the provision for the accumulated cost of capital, the AEP for said discrete geographic area shall terminate immediately, and the Company shall promptly credit the affected customers for amounts over collected, if any. The Company will absorb any under recovery in existence at the end of the amortization period.

The Company shall have the right to reassess the amount of revenue available to recover the unamortized excess cost of the facilities on an ongoing basis and recalculate the AEP rate as needed, provided however, to the extent that any change in the AEP rate is required, the Company shall only have the right to change the rate once during the amortization period, subject to the maximum rate limitations set forth above.

The initial AEP rate computation and any further change to the established rate will be submitted to the Public Service Commission for review and approval prior to the effective date of the surcharge. The AEP rate will then appear on Rate Schedule "AEP" in the Company's tariff. The Experimental Area Extension Program will be evaluated by the Commission at the expiration of 18 months after the filing of the one trial AEP application.

RULES AND REGULATIONS

SECTION VI – SERVICE INSTALLATIONS AND MAIN EXTENSIONS
(Continued)

6.6 OWNERSHIP AND MAINTENANCE [Combined with Section 4.7, 4.5 and 8.1 and moved to Section 11.1 paragraphs 2-4, see edits in Section 4.7]

6.7 TAMPERING [Combined with Section 4.9 and 8.3 and moved to Section 11.9, see edits to old Section 4.9]

Deleted: The Company shall own, maintain and renew all its equipment, between the main and the outlet side of the meter connection. ¶

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Deleted: The Company's main, service line, service cock, curb box and meter shall not be tampered or interfered with at any time. ¶

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RULES AND REGULATIONS

SECTION VII - RIGHTS-OF-WAY/OR EASEMENTS

7.1 RIGHTS-OF-WAY, EASEMENTS AND SERVICE ROUTES [Moved to 11.7 A]

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All Applicant(s) requesting service shall furnish, without expense to the Company, and to the Company's satisfaction, rights-of-way and/or easements as may be necessary to provide Gas service or shall agree to reimburse the Company for expense incurred in the procurement of any necessary rights-of-way and/or easements. The Company shall first exercise reasonable efforts to procure any necessary rights-of-way and/or easements from the land owner for nominal consideration or without charge to the Company and the Applicant requesting service.

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7.2 TERM AND RENTALS [Moved to 11.7 C]

C. Term and Rentals

When, to serve a Consumer, it is necessary to extend the Company's facilities over the property of another, the Consumer shall accept service for such term as is provided in the permit or agreement covering the location and maintenance of such facilities on the land or property of others. The Consumer may be required to reimburse the Company for any and all special, or rental, charges that may be made for such rights by said permit or agreement.

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7.3 GRADING [Moved to 11.7 D]

D. Grading

Rights-of-way, easements and service routes must be cleared and graded to within 6 inches of final grade by the Applicant or Property Developer including certification by the Applicant or Property Developer that such grade has been achieved before the utility will commence construction. Such clearing and grading must be maintained by the Applicant or Property Developer during construction by the utility.

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7.4 CHANGE IN GRADE [Moved to 11.7 E]

E. Change in Grade

If subsequent to any agreement to construct by the Company, the clearance or grade is changed in such a manner as to require relocation of pipelines or other facilities, the cost of such relocation shall be borne by the Applicant, or the Applicant's executor, administrator, heir or successor, or the Property Developer.

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7.5 DELAYS [Moved to 11.7 F]

F. Delays

Application for service from an extension to be constructed where a right-of-way and/or easement is not owned by the Company, will only be accepted subject to delays incident to obtaining a satisfactory right-of-way and/or easement.

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SECTION VIII - COMPANY EQUIPMENT ON CUSTOMER'S PREMISES

8.1 MAINTENANCE [Combined with Sections 4.5, 4.7 and 6.6 and moved to 11.1, see edits in Section 4]

8.2 RESPONSIBILITY OF CONSUMER [Moved to Section 11.2]

The Consumer shall not cause damage to the equipment of the Company located on Consumer's premises, and shall not permit any person, except a Company employee, or authorized Company agent, having proper Company identification, to break any seals upon, or do any work on any meter, service pipe or other equipment of the Company located on the Consumer's premises.

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8.3 TAMPERING [Combined with Sections 4.9 and 6.7 and moved to Section 11.9, see edits in Section 4.9]

8.4 ACCESS TO PREMISES [Moved to Section 11.3]

The Company, or its authorized agents, shall have access at all reasonable times to the property or premises in or on which Gas is used to determine if the Gas is being carried, distributed and burned in a proper and safe manner and in accordance with these Rules and Regulations, or to read, inspect and test the meter or house lines and other appliances, equipment or facilities. Refusal on the part of the Consumer to allow access to his premises shall constitute sufficient cause for turning off the Gas supply to such premises.

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8.5 RELOCATION OR ALTERATION OF COMPANY-OWNED FACILITIES [Moved to 11.6]

Any relocation or alteration of Company-owned facilities to furnish Gas service to Consumers for the convenience and benefit of the Company shall be paid for by the Company; however, any such changes occasioned or necessitated by any action of Consumer, or owner of the property if Consumer is a lessee, may be made only after prior approval of the Company, and shall be at the expense of the Consumer or owner.

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RULES AND REGULATIONS

SECTION IX - SERVICE CONTINUITY

9.1 REGULARITY OF GAS DELIVERY AND SUPPLY [Moved to Section 14.1]

The Company shall use reasonable diligence to provide continuous, regular and uninterrupted Gas Delivery Service to all Consumers and Gas Sales Service to all Consumers served under a Residential Rate Schedule and a General Service Rate Schedule. The Company does not and cannot guarantee constant delivery service or Gas supply and should such services be limited and/or interrupted by the Company for situations of Force Majeure, Curtailment or as the result of an Operational Flow Order, or for the purpose of making repairs, changes, or improvements, in any part of the Company's distribution system for the general good of the service or the safety of the public, or should service be interrupted, or fail, by reason of accident, strike, legal process, State or Municipal interference, lack of sufficient Gas supply, mechanical failure, or any cause whatsoever, beyond the Company's control, the Company shall not be liable for damages, direct or consequential, resulting from such interruption or failure.

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9.2 NOTICE OF TROUBLE [Moved to Section 14.3]

The Consumer shall notify the Company, immediately, should the service be unsatisfactory for any reason, or should there be any defects, leaks, trouble, or accident, affecting or resulting from the supply of Gas.

9.3 PREARRANGED INTERRUPTION OF SERVICE [Moved to Section 14.4]

Whenever it is necessary to interrupt service for work on mains or other equipment, such work shall be done, as far as practicable, at a time that will cause the least inconvenience to the Consumer. The Consumer(s) to be affected by such interruption shall, if practicable, be notified in advance.

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SECTION X - CUSTOMER'S USE OF SERVICE

10.1 PRECAUTIONS TO BE TAKEN BY CONSUMER [Moved to 9.1]

The responsibility of detection of defects and leaks on the Consumer's premises is upon the Consumer; defects among other things, shall mean failure or deficiency of Gas, irregular supply, leakage and excessive pressure. In case of detection of a Gas leak within the Consumer's premises, the Consumer should exit the premise. As soon as possible, from a different location, the Consumer should notify the Company by telephone or messenger, so that the conditions existing may receive prompt and proper attention. When Gas has been shut off because of a leak in the house lines or fixtures or other hazardous conditions of service, it shall not be turned on again until such leak or other hazardous conditions have been repaired and made safe either by a competent plumber or Gas fitter. In the event of failure or deficiency of Gas or excessive pressure, the Consumer shall notify the Company and be governed by instructions or assistance received from the Company.

10.2 PRUDENT USES OF GAS [Moved to 9.2]

A Consumer should always make prudent use of Gas. Upon receipt of notice by the Consumer, the Company will investigate reports of suspected Gas leakage and improper functioning of Gas appliances. In the event that Gas passes through the meter as a result of the Consumer's negligence or malfunctioning of the Consumer's piping or appliances, no credit will be issued, unless such use is a result of fault or neglect of agents of the Company.

10.3 RESALE OF GAS BY CONSUMER PROHIBITED [Moved to 9.3]

The Consumer shall not directly or indirectly sell, sublet, assign or otherwise dispose of the Gas or any part thereof, delivered to the Consumer by the Company regardless of whether such Gas was purchased from the Company or an ATS Shipper. Purchase of Gas for use by tenants located on the Consumer's property, when the cost to the tenant of such Gas is included in the normal rental charge for occupancy of the premises, shall not be considered a resale. The Company's schedule of rates is based on providing retail Gas Delivery Service to the end use Consumer. Resale or redistribution of the Gas delivered shall not be permitted, unless otherwise specified in the Tariff.

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RULES AND REGULATIONS

SECTION X (Continued)

10.4 SERVICE TO CUSTOMER'S APPLIANCES [This section was rewritten and moved to Section 5.6 Defective Installations]

The Company shall have the right, but shall not be obliged, to inspect any installation before Gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements, or with any national and local code requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the Consumer's installation, piping or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the Consumer.

10.5 PRESSURE FLUCTUATION [Moved to Section 9.4]

Gas service must not be used in such a manner as to cause unusual pressure fluctuations or other disturbances to the Company's distribution system, and in the case of a violation of this rule, the Company may discontinue service, or require the Consumer to modify the Consumer's installation and/or equip it with approved controlling devices.

10.6 LIABILITY FOR DAMAGES [Moved to Section 9.5]

The Company shall not be liable for any injury to persons or damage to property arising or occurring in any manner whatsoever from the misuse of Gas.

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¶
<#>Service calls resulting from interruption of gas supply under the control of Chesapeake Utilities Corporation.¶

¶
<#>Disconnect appliances not in use.¶

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All other service of appliances rendered by the Company shall be at the Customers request and expense.¶

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RULES AND REGULATIONS
SECTION XI - MEASUREMENT

11.1 DEFINITION OF A CUBIC FOOT [Moved to Section 12.1]

A. Low Pressure Delivery

Standard delivery to the Consumer is at low pressure, and for those meters not having temperature correcting devices which correct to a temperature of 60 degrees Fahrenheit, a cubic foot of Gas shall be that amount of Gas which occupies a volume of one cubic foot at the time metered and under the conditions existing at the Consumer's meter.

B. Other Than Low Pressure Delivery

When at the discretion of the Company, Gas is supplied at higher than standard delivery pressure, measurement may be by a meter equipped with a base pressure corrector and the metering is continuously, automatically, and uniformly corrected from the absolute delivery pressure (14.73 atmospheric pressure) in pounds per square inch, to a pressure base of 14.95 lbs. per square inch, at the temperature existing at the meter. Meters may be equipped with a base pressure and temperature corrector and the metering is continuously, automatically and uniformly corrected from the absolute delivery pressure of 14.73 absolute pressure in pounds per square inch to a pressure base of 14.95 lbs. per square inch, and to a temperature of 60 degrees Fahrenheit.

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11.2 MEASUREMENT OF GAS [Moved to Section 12.2]

Except as otherwise provided herein, the measurement of Gas Delivery Service shall be by meters furnished and installed by the Company. The Company shall furnish each Consumer with a meter of such size and type as the Company may determine will adequately serve the Consumer's service requirements, and may from time to time, change or alter the equipment to provide for accurate measurement.

Each meter shall be calibrated to serve Gas within the tolerance as specified by the Delaware Public Service Commission. Registration shall be in cubic feet or multiples thereof depending on service classification. If any correction factor is applied to any meter, this factor shall be marked on such meter.

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RULES AND REGULATIONS

SECTION XI (Continued)

11.3 METERS NOT AVAILABLE [Moved to Section 12.4]

In cases where meters are not available due to circumstances beyond the control of the Company, and the necessity for rendering Gas service to the Consumer is urgent, the Company may, after proper authorization by the Commission and by written agreement with the Consumer, commence service and render bills temporarily on the basis of estimated Gas consumption.

11.4 METER READING INTERVALS [Moved to Section 12.6]

The Company shall endeavor to make its regular meter reading and/or estimated meter reading as nearly as reasonably possible at scheduled monthly intervals of approximately 28 to 34 days.

11.5 ESTIMATED USAGE [Moved to Section 13.5]

A. No Meter Reading

The Company may render estimated bills when (i) no meter is installed, as provided in Section 12.4, or (ii) when a meter is installed but the scheduled meter reading cannot be obtained due to the inability of the Company's agent or representative to gain access to the meter location at the time scheduled, or (iii) in case any meter or measuring device for any reason fails to register for any period of time the full consumption by a Consumer, or (iv) the Company is unable to obtain a meter reading for causes beyond its control.

B. Basis for Estimated Reading

Estimated readings shall be based upon prior consumption at the particular location for a similar period of time and may be corrected for current conditions. The Consumer shall be obligated to pay the bill based on the estimated consumption as though the same was based on an actual meter reading, and failure to so pay shall subject the Consumer to the penalties herein provided. Bills based on estimated readings shall be subject to adjustment for any unusual circumstances found to have affected the quantity of Gas used, or for obvious errors in estimates, which adjustments shall be made not later than the next subsequent bill rendered to the Consumer, or that period of time when an actual reading can be obtained.

C. Limited Period for Estimated Readings

The Company shall cooperate with the Consumer to schedule meter readings; however, in those instances where the Company's agent or representative is unable to gain access to the Consumer's premises, during the regular scheduled working hours, to obtain a meter reading, the number of estimated readings shall be limited to three consecutive months, and the Consumer's service thereafter, is subject to discontinuance.

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RULES AND REGULATIONS

SECTION XII - METER TESTS

12.1 PERIODIC METER TESTS [Moved to Section 12.8]

All meters shall be tested periodically by the Company in compliance with the Rules of the Commission and at the Company's expense.

12.2 ACCURACY OF GAS METERS [Moved to Section 12.10]

When any test of a meter by the Company or by the Commission shows such meter to have an average error of more than 2 percent, and no meter tampering has occurred, the following provisions for the adjustment of bills shall be observed:

A. Fast Meters

Unless the date of the beginning of inaccuracy shall be known, it shall be assumed that the over-registration existed for a period of 3 years or a period equal to one-half of the time since the meter was last tested, whichever is less.

If the meter is found to be over-registering, the Company shall make a refund to the last Consumer of record receiving service through the meter for the amount which shall have been charged in excess of that which would have been charged had the meter registered with 100 percent accuracy, provided the refund exceeds one dollar. The refund will be computed upon the assumption that the meter was registering 100 percent prior to the beginning of the period of inaccuracy or the period of adjustment defined in the preceding paragraph. The refund shall be for the period that the last Consumer received service through the meter, but for not more than the periods referred to in this section.

B. Slow Meters

If the meter is found to under-register, or is slow, the Company may bill the Consumer one-half of the unbilled undercharge for a period of twelve months, unless the meter has been tested within that twelve month period, in which event the Company may bill the Consumer one-half of the unbilled undercharge for the period since the meter was last tested. If the amount of under-registration is less than \$5.00, the amount shall not be billed to the Consumer. Installment payments will be arranged equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Consumers regular monthly natural Gas service bill.

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RULES AND REGULATIONS

SECTION XII
(Continued)

12.2 ACCURACY OF GAS METERS (Continued) [Moved to 12.10]

C. Non-Registering Meters

If the meter is found to be not registering, or is stopped, the Company may estimate, and bill the Consumer the proper charge for the unregistered service by reference to the Consumer's consumption during similar periods. Except in the case of tampering, theft, or unauthorized use, the estimate shall cover a period of not more than six months. Installment payments will be arranged equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Consumers regular monthly natural Gas service bill.

12.3 METER TEST BY CONSUMER REQUEST [Moved to Section 12.9]

Upon request by a Consumer, and at no charge to the Consumer, the Company shall test the accuracy of registration of the meter serving such Consumer, providing that such tests need not be made more frequently than once during any eighteen (18) month period.

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RULES AND REGULATIONS

SECTION XIII - PAYMENT TERMS

13.1 INITIAL RATE SCHEDULE ASSIGNMENT [Moved to section 6.1]

Subsequent to receiving an application for Gas Delivery Service and prior to activating such service, the Company shall estimate the annual usage of Consumer (based upon the connected Gas consuming appliances or equipment) for the purpose of the initial assignment of a Rate Schedule. Non-residential Applicants shall choose between General Sales Service, Firm Transportation Service or Interruptible Transportation Service (if eligible), and shall execute such forms or agreements as are required herein. Where selection of the most favorable schedule is difficult to predetermine, the Company shall, at the request of the Consumer, assist the Consumer in selecting a Rate Schedule. Subsequent to service activation, the consumer shall be given reasonable opportunity to change to another Rate Schedule, but the Company shall not be required to make refunds for any previous billing under any Rate Schedules selected by the consumer prior to the time of receipt of a written notice from the Consumer requesting to change to another Rate Schedule.

13.2 ESTABLISHMENT OF CONSUMER CREDIT [Moved to Section 7.1]

The Company may require a prospective Consumer to satisfactorily establish credit before Gas Delivery Service will be initiated. Such establishment of credit shall not relieve the prospective Consumer from complying with the Company's provisions herein for prompt payment of bills. Credit will be deemed so established, and no deposit required, if any one of the following criteria is satisfied:

- A. Consumer has been a Consumer of the Company or other similar Delaware utility in the past two (2) years and;
 1. paid the final bill when due, and
 2. did not on more than two occasions during the last twelve consecutive months have a bill unpaid after a reasonable period of time after the due date, and
 3. did not have service discontinued for non-payment, and
 4. can provide the Company with a letter from the last utility substantiating a good payment history; or
- B. Consumer owns or is purchasing the residence for which the Gas service is requested; or,
- C. Consumer can provide a guarantor satisfactory to the Company. This guarantee shall be in writing and must continue in full force and effect for one (1) year from installation date of the service or until Consumer's credit is otherwise established, or,
- D. Non-residential Consumer possesses and maintains an Experian Intelliscore of 60 or above, or
- E. Non-residential Consumer possesses and maintains at least an investment grade bond/long-term debt rating from either Standard and Poor's or Moody's. Comparable

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ratings may be considered from other nationally recognized rating organizations acceptable to the Company. In the event a Consumer, whose annual Gas consumption exceeds 100,000 Ccf. Does not posses a debt rating or the rating is below investment grade, credit may be established, at the sole discretion of the Company, by the Consumer's demonstration of adequate financial strength and stability. The Company may evaluate the Consumer's creditworthiness by review of at least two (2) years audited financial statements, accompanied by the opinion of an independent certified public accountant or chartered accountants of recognized national or regional standing, and such other known or discovered factors relating to the Consumer's creditworthiness.

F. Consumers for which credit is established pursuant to this Section 7.1 are subject to periodic review by the Company to assure that no material changes adversely affecting the Consumer's creditworthiness have occurred. In the event a material change has occurred, or Consumer has paid its account with a check dishonored by a bank, Company may request that credit e established by (i) cash deposit, or (ii) irrevocable letter of credit from a bank, or (iii) surety bond, as provided in Section 7.2.

G. Notwithstanding anything stated herein to the contrary, a Security Deposit shall be required if the Consumer has been disconnected by the Company for non-payment within the twelve (12) months prior to the Consumer's application for service,

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RULES AND REGULATIONS

SECTION XIII (Continued)

13.2 DEPOSIT REQUIREMENTS [Moved to Section 7.2 A]

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A. Initial Deposit Amount for Prospective Consumers

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If a prospective Consumer does not satisfy one of the creditworthiness criteria defined in Section 7.1, then payment of an initial deposit shall be required. Amount of Deposit required may not be more than two-twelfths of the estimated charges for the ensuing 12 months, nor less than five dollars (\$5.00). Residential deposits in excess of \$100.00 may be made with an initial deposit of \$100.00 with the remainder to be paid over the ensuing four-week period.

(b) [Moved to Section 7.4]

7.4 INTEREST ON CASH DEPOSIT

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Interest on a cash deposit shall be six (6) per cent per annum, except that no interest shall be paid on deposits held less than ninety (90) days. Interest shall be paid at the time the cash deposit is returned to the Consumer. The cash deposit shall cease to draw interest on the date service is terminated, or in the case of good credit, the date the cash deposit is processed for refund.

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(c) [Moved to Section 7.5 A]

7.5 REFUND OF DEPOSIT

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A. Satisfactory Residential Payment Record

Deposits will be refunded to residential Consumers following payment of 12 consecutive bills without arrears.

(d) [Moved to Section 7.5 B]

B. Termination of Service

Refund of Deposit upon termination or discontinuance of service will occur promptly and automatically for the deposit and accrued interest less the Consumer's final outstanding balance. A transfer of service from one premises to another within the service area may not be deemed a discontinuance of service.

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(f) [Moved to Section 7.5 C]

C. Non-Residential Deposit

Commercial deposits will be returned when, in the Company's judgment, such deposit is no longer required.

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13.3 BILLING PERIOD [Combined with 15.3 and moved to Section 13.1 and rewritten]

A. Regular Billing Period

As provided in Section 12.6, each Consumer's meter shall be read at regular intervals and bills for service will be rendered by the Company on a monthly basis or periodically in accordance with the terms of the applicable Rate Schedule, such monthly period defined as the Billing Period. Bills will be rendered as soon as practical after determination of their amount.

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B. Initial Billing Period

If the period between a Consumer's initial service activation date and the next scheduled meter reading date results in an Initial Billing Period of less than ten (10) days, no bill for service will be rendered for that month. The Company's charges for such initial period shall be included in the bill rendered for the next succeeding monthly Billing Period. If the Initial Billing Period is for more than ten (10) days, a bill shall be rendered at the Consumer's regular billing date.

C. Final Billing Period

The Consumer is liable for service taken after submittal of notice to terminate service until the Consumer's meter is read and/or Gas shut off by the Company. The final bill for service shall be based on an actual meter reading and is due and payable when rendered. The final bill shall consist of the number of days from the most recent previous meter reading date to the actual termination date. Such Final Billing Period shall be billed as one month. Any cash deposit amount held by the Company shall be netted against a Consumer's final bill amount. If the resulting amount is greater than \$1.00, the Company shall refund such amount to the Consumer.

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RULES AND REGULATIONS

SECTION XIII
(Continued)

13.4 PAYMENT PERIOD [Moved to Section 13.2]

Bills are due upon presentation. The rates are contingent upon prompt payment. The final date for payment will not fall on any Saturday, Sunday or holiday, and will be past due ten (10) days after the date of presentation.

13.5 BUDGET PLAN [Moved to Section 13.11]

The Budget Plan is designed for Residential Consumers with Gas heating systems. Seasonal heating bills are spread over the budget plan period with equal monthly payments. Consumer's higher monthly bills during the heating season are distributed over a ten-month period.

If a Residential Consumer with Gas heat elects to use the budget plan, the estimated Gas bills for the budget plan period will be totaled and divided by the respective number of months to produce the approximate budget payment, which will then be rounded off to the nearest \$1.00. Adjustments may be made by the Company for temperature and/or rate changes if necessary.

If a Consumer has no past history of Gas use, the Company will estimate Gas consumption and the projected billing amount for the budget plan period and divide by the respective number of months to produce the budget payments. The Company shall require the Consumer to provide information on the number, type and size of all gas consuming appliances, along with information on the premises size and type to aid the Company in estimating Gas consumption. The Company may adjust the budget payment, with the Consumer receiving immediate notification of any adjustment.

To remain on the budget plan, a Consumer must pay the current budget payment by the due date each month and pay all balances due as they appear on the bill at the end of the budget plan period.

The Company will normally require that the Consumer begin the budget plan in September of each year.

13.6 DISPUTED BILL STATEMENT [Moved to Section 13.7]

Upon receipt of Consumer's initial complaint, relating to a disputed bill, prior to due date, the Company will extend to Consumer an additional five (5) days to allow for investigation and review of complaint. During time allotted for investigation and review of the complaint, the Company will not discontinue service or require Consumer to provide a security deposit. The final date when payment is due after settlement of complaint shall be ten (10) days.

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RULES AND REGULATIONS

SECTION XIII
(Continued)

13.7 UNAUTHORIZED USE [This information is now covered in Section 17.1 which has been completely rewritten]

13.8 RETURNED PAYMENT CHARGE [Moved to Section 8.6]

Payment for Services provided under this Tariff, Consumer deposits, or other Tariff charges which are returned unpaid by the Consumer's bank or other financial institution shall result in an additional charge of twenty dollars (\$20) per occurrence, and will be charged against the Consumer's account. Failure to pay the full amount of the bill including the Returned Payment Charge may result in discontinuance of the Consumer's service. After the second returned payment the Company reserves the right to notify the Consumer that an alternate payment method (other than a personal check or bank debit) will be required for payment of the Company's bill statements.

13.9 ADJUSTMENTS FOR INCORRECT BILL STATEMENTS [Moved to Section 13.8]

Incorrect billings resulting from clerical error or improper service classifications shall be corrected immediately upon discovery and correct billings shall be rendered to the Consumer; however, in no case may additional charges due from the Consumer be collected for more than three (3) years prior to the month of discovery. In the event a Consumer is overcharged, the over-billing will be refunded to the date the error was made, not to exceed five (5) years, and such refund shall be paid to the Consumer within sixty (60) days after the error is discovered. Installment payments shall be equal to the number of months the account was billed in error in the event additional charges are due the Company, and the installment payments are due and payable in addition to the Consumers regular monthly natural gas service bill.

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RULES AND REGULATIONS

SECTION XIV - DISCONNECTION BY THE COMPANY

14.1 WITHOUT NOTICE TO CONSUMER [Moved to Section 17.1 and 17.2]

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(a), (b) and (c) [Moved to Section 17.2 "With Five Working Days Notice to Consumer"]
e), (f) and (g) [Moved to Section 17.1]

The Company may, without prior notice to Consumer, discontinue service, without being liable to the Consumer, or to tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, for any of the following reasons:

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A. Unavoidable emergency situations, supply or operational interruptions.

B. When a hazardous condition exposes the Company's employees or contractors to unsafe conditions.

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C. Consumer's failure to maintain Gas equipment in safe condition, in the judgment of the Company.

D. Consumer's interference with or tampering with the connections, meters or other equipment of the Company.

E. Consumer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other Consumers.

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F. If Consumer presents an invalid payment to restore service or to satisfy a disconnect notice.

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The Company may discontinue service without notice for any of the reasons above. However, except in emergency situations, in no event shall such termination occur between 12:00 noon on any Friday and 12:00 noon on the succeeding Monday. Should Friday be a legal, state or national holiday, the last preceding business day shall be substituted for Friday. Should Monday be a state or national, legal holiday, the next succeeding business day shall be substituted for Monday.

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The Company shall be in its rights to remove its property from the Consumer's location in the event any of the above situations arise.

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17.2 WITH FIVE (5) WORKING DAYS NOTICE TO CONSUMER

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The Company may, with five (5) days prior written notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Consumer at the last known mailing address appearing on the records of the Company, discontinue service without being liable to the Consumer, or to tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, for any of the following reasons:

A. Consumer's failure to comply with any of the provisions of the service contract with the Company, or any applicable regulations of the Commission, or any of the Company's applicable rules or practices currently in effect.

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B. Consumer's non-payment of any bill at present or former location, except as provided in Section 17.3.

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C. Consumer's non-payment of any service installation costs, except as provided in Section 17.3.

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D. Consumer's failure to provide a deposit to insure payment of bills, when requested by the Company under the provisions of section 7, except as provided in Section 17.3.

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E. After a reasonable request, if access to its meter or meters is refused, or if access thereto is obstructed or hazardous.

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(f) Customer's abuse, fraud, or tampering with the connections, meters or other equipment of the Company.¶

Deleted: (g) Customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other customers.

Deleted: The notice provided for in this Section shall consist of five (5) days' written notice sent by first class prepaid mail deposited in a United States mailbox and addressed to the Customer at his last known mailing address appearing on the records of the Company.¶

Deleted: The Company may discontinue service without notice for reasons (e), (f), or (g) above; but, except in emergency situations, in no event shall such termination occur between 12:00 noon on any Friday and 12:00 noon on the succeeding Monday. Should Friday be a legal, state or national holiday, the last preceding business day shall be substituted for Friday. Should Monday be a state or national, legal holiday, the next succeeding business day shall be substituted for Monday.¶

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RULES AND REGULATIONS

SECTION XIV (Continued)

14.1 DISCONNECTION BY THE COMPANY (Continued)

[This paragraph was moved to Section 17.1 F.] If Consumer presents an invalid payment to restore service or to satisfy a disconnect notice.

This paragraph is now Section 17.4

Except in case of emergency situations, in no event shall Company terminate service for non-payment if any occupant of any dwelling unit shall be so ill that the termination of such sale or service shall adversely affect any occupant's health or recovery, which has been so certified by a statement from any duly licensed physician of this State or any accredited Christian Science practitioner and received by any authorized agent of the Company, prior to the due date of the bill.

The Company's medical waiver of discontinuance of service shall not extend beyond one hundred twenty (120) days unless the need for such extension is certified by a statement from any duly licensed physician of this State or any accredited Christian Science practitioner and received by an authorized agent of the Company.

14.2 SEASONAL RECONNECTION CHARGE [Moved to Section 8.4]

Whenever a residential Consumer's Gas is turned off or Consumer's meter disconnected by the Company at Consumer's request, and the account placed on inactive status, and such account is reactivated by the same Consumer no less than thirty (30) days and no more than one hundred eighty (180) days from the date of the disconnect, a Seasonal Reconnection Charge equal to the monthly Customer Charge in the Consumers' applicable Rate Schedule for each month the account was inactive, plus the Reconnection Charge provided in Section 8.2, shall be paid. Such payment, along with other satisfactory arrangements for reconnection, shall be made with the Company for reconnection the following Normal Business Day.

[Moved to Section 8.2]

Whenever a Consumer's Gas is turned off at Consumer's request, or Consumer's meter disconnected by reason of non-compliance with these Rules and Regulations or orders of the Public Service Commission of Delaware, a Reconnection Charge of thirty five dollars (\$35) must be paid and other satisfactory arrangements made with the Company prior to 3 p.m. of a Normal Business Day before the account is reactivated and Gas service reconnected.

[Moved to Section 8.3]

If the Consumer desires that the initial Gas service connection or Gas service reconnection following disconnection by the Company for any reason, be completed on the same day as the request is received by Company or outside the Company's Normal Business Hours, such After

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Hours Reconnection may be performed, subject to the availability of Company personnel. The After Hours Connection or Reconnection charge shall be sixty dollars (\$60).

[Moved to Section 8.5

Service interruptions may be avoided by paying the overdue amount prior to the past due date of the Gas bill, or by paying the overdue amount plus a collection fee of seventeen dollars (\$17) to the Company or an authorized agent of the Company.

14.3 NON-COMPLIANCE BY COMPANY [Moved to Section 1.6]

Failure on the part of the Company to enforce any of its rights at any time shall not be deemed a waiver of any of its rights.

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RULES AND REGULATIONS

SECTION XV - TERMINATION OF SERVICE

15.1 TERMINATION BY COMPANY [Moved to Section 17.5]

The Company's obligation to serve a particular premise shall, at the option of the Company cease and terminate (i) in case the property served is vacated or a change of occupancy occurs, or (ii) in case of an assignment for the benefit of creditors, or (iii) in case of the illegal use of Gas.

15.2 TERMINATION BY CUSTOMER [Moved to Section 18.1 NOTICE TO DISCONTINUE]

A Consumer who intends to vacate a premises, discontinue the use of Gas, or terminate the liability to pay for Gas delivered to the premises, shall give at least five (5) days' notice to the Company prior to the date of service termination. The Company shall take its final read the terminating Consumer's meter, within Normal Business Hours, on the date designated by the Consumer as the termination date, but shall have no obligation to read the meter before the fifth day following receipt of the Consumer's termination notice. If such notice is not given, the Consumer shall be liable for Gas registered by the meter until the meter is read by the Company and the account terminated. Receipt of a notice to discontinue Gas service from a Consumer with a contract term of service shall not relieve such Consumer from any minimum or guaranteed payment under such contract.

15.3 FINAL BILL [Moved to Section 13.1 C and combined with old Section 13.3, see edits in Section 13.3]

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RULES AND REGULATIONS

SECTION XVI - APPLICATION OF RATES

16.1 APPLICATION OF CONSUMER RATE SCHEDULES [Moved to Section 6.2]

For the purpose of applying Rate Schedules in this Tariff, the term "Consumer" is defined as any individual, firm, or organization purchasing Gas Delivery Service from the Company in any one month at one location for one classification of service through one meter. Each individual Consumer shall be properly accounted for and identified in the Company's billing system through the combination of a Consumer Account number and a Service Identification and Extension number.

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[Moved to Section 12.11]

12.11 MULTIPLE METERS AT AN INDIVIDUAL PREMISE

In those cases where, at the Company's election, two or more meters are installed at a single metering location on the same premises for the same Consumer for the same class of service, the amount of Gas supplied through all such meters will be combined in arriving at the total charge, and the Consumer charge will be the same as though one meter was installed.

[Moved to Section 12.12]

12.12 CONSUMER OCCUPANCY OF MULTIPLE PREMISES

Where a single commercial, industrial, or institutional Consumer occupies more than one unit of space in the conduct of the same business, each separate unit will be metered separately and considered a distinct Consumer, unless the Consumer makes the necessary provisions to permit metering of all Gas used for each class of service in the various units at a single metering location. This rule shall apply only where the units are located on contiguous property with no intervening public property or private property controlled by others. Only one service connection will be provided for each class of service furnished, and the metering location shall be as close as possible to the point of service entrance.

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RATE SCHEDULE "RS-1"

RESIDENTIAL SALES SERVICE

AVAILABILITY:

Throughout the Company's service areas in Kent County, New Castle County and those areas of Sussex County not included in the Company's Eastern Sussex County Expansion area, to any individually metered Residential Consumer whose annual Gas usage is less than 240 Ccf.

GAS DELIVERY SERVICE RATES:

The following rates for the delivery of Gas to the Consumer's premises apply to all Consumers served under this Rate Schedule for the respective monthly Billing Period.

Customer Charge:	\$11.50 per month
Gas Delivery Service Charge	\$ 0.5575 per Ccf

GAS SALES SERVICE RATE:

In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule are subject to the Gas Sales Service Rate Clause pursuant to Section 20 of this Tariff for the purchase of Gas supply from the Company.

Gas Sales Service Rate:	\$ 1.34 per Ccf
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PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this Rate Schedule is the Customer charge.

SPECIAL TERMS AND CONDITIONS OF SERVICE

(1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Public Service Commission of Delaware.

(2) In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

(3) In the event the Company agrees to provide for the installation costs associated with converting a Consumer's premises to natural Gas, the Company and Consumer shall enter into an agreement as to the terms and conditions governing recovery of such conversion costs from the Consumer. Under such circumstances the initial term of Gas Delivery

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Next 30 Ccf \$0.422 per Ccf
Over 50 Ccf \$0.178 per Ccf

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Service shall, at a minimum, be the same as the period of conversion cost recovery stated in the agreement. Further, the rate for Gas Delivery Service may be adjusted to provide for recovery by the Company of the costs incurred, including carrying costs at the Company's overall approved cost of capital, in providing such conversion to natural Gas. At such time as the Company has recovered its cost, bills rendered under this Rate Schedule shall return to the Gas Delivery Service rate stated herein.

[Notes: The revised Tariff contains additional residential Rate Schedules]

Rate Schedule RS-2 is available to Consumers with consumption greater than 240 Ccf and less than 1,000 Ccf (excluding the Eastern Sussex County Expansion Area). The Customer Charge and Gas Delivery Service Charge are \$15.50 per month and \$0.3394 per Ccf, respectively.

Rate Schedule RS-3 is available to Consumers with consumption greater than 1,000 Ccf, (excluding the Eastern Sussex County Expansion Area). The Customer Charge and Gas Delivery Service Charge are \$19.50 per month and \$0.2517 per Ccf, respectively.

Rate Schedule RSES is available to all Consumers in the Eastern Sussex County Expansion Area. The Customer Charge and Gas Delivery Service Charge are \$22.00 per month and \$0.3394 per Ccf, respectively.

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RATE SCHEDULE "GS-1"
GENERAL SALES SERVICE - 1

AVAILABILITY:

Throughout the Company's service areas to any individually metered non-residential Consumer whose annual Gas usage is less than 240 Ccf.

GAS DELIVERY SERVICE RATES:

The following rates for the delivery of Gas to the Consumer's premises apply to all Consumers served under this Rate Schedule for the respective monthly Billing Period.

Customer Charge:	\$21.00 per month
Gas Delivery Service Charge:	\$0.5477 per Ccf

GAS SALES SERVICE RATE:

In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule are subject to the Gas Sales Service Rate Clause pursuant to Section 20 of this Tariff for the purchase of Gas supply from the Company.

Gas Sales Service Rate:	\$1.34 per Ccf
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PUBLIC UTILITIES TAX:

The Gas Delivery Service Rates, Gas Sales Service Rates, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Consumer is exempt from such tax.

PAYMENT TERMS:

Bills are due within ten (10) days of their date.

Minimum Bill:

The minimum monthly bill under this Rate Schedule is the Customer Charge.

Special Terms and Conditions of Service:

- 1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Public Service Commission of Delaware.

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Deleted: This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption of less than 4,000 Ccf. The Company will annually review those customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. This annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.¶

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Over 50 Ccf \$0.197 per Ccf¶

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2) In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

3) In the event the Company agrees to provide for the installation costs associated with converting a Consumer's premises to natural Gas, the Company and Consumer shall enter into an agreement as to the terms and conditions governing recovery of such conversion costs from the Consumer. Under such circumstances the initial term of Gas Delivery Service shall, at a minimum, be the same as the period of conversion cost recovery stated in the agreement. Further, the rate for Gas Delivery Service may be adjusted to provide for recovery by the Company of the costs incurred, including carrying costs at the Company's overall approved cost of capital, in providing such conversion to natural Gas. At such time as the Company has recovered its cost, bills rendered under this Rate Schedule shall return to the Gas Delivery Service rate stated herein.

[Notes: There are also the following GS Rate Schedules]

GS-2: This is available to Consumers using at least 240 Ccf and under 1,000 Ccf.

GS-3: This is available to Consumers using at least 1,000 Ccf and under 2,400 Ccf

GS-4: This is available to Consumers using at least 2,400 Ccf and under 10,000 Ccf

GS-5: This is available to Consumers using at least 10,000 Ccf and under 50,000 Ccf

GS-6: This is available to Consumers using at least 50,000 Ccf and under 100,000 Ccf

GS-7: This is available to Consumers using 100,000 or more Ccf

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RATE SCHEDULE "GS"

GENERAL SERVICE
(Continued)

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Authorization: Order No. _____

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The minimum monthly bill under this rate schedule is the customer charge.¶

¶ SPECIAL TERMS AND CONDITIONS OF SERVICE¶

¶
(1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.¶

¶
(2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.¶

¶
<#>A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.¶

¶
<#>In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.¶

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Chesapeake Utilities Corporation
Fifth Revised Sheet No.

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Delaware Division

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RATE SCHEDULE "MVS"

MEDIUM VOLUME SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 4,000 Ccf and less than 15,000 Ccf. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule warrant such a change. A Customer on General Service will be moved to this rate schedule with annual consumption equal to or greater than 4,400 Ccf. A Customer on this rate schedule will be moved to General Service with annual consumption less than 3,600 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge: \$40.000 per month

First 200 Ccf \$0.316 per Ccf

Over 200 Ccf \$0.144 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

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Issue Date: December 14, 2006

Effective Date: For Bills Ren ... [1]

**P.S.C. Del. No. 4
Chesapeake Utilities Corporation
No. 31
Delaware Division**

Fifth Revised Sheet**RATE SCHEDULE "MVS"****MEDIUM VOLUME SERVICE****AVAILABILITY**

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 4,000 Ccf and less than 15,000 Ccf. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on General Service will be moved to this rate schedule with annual consumption equal to or greater than 4,400 Ccf. A Customer on this rate schedule will be moved to General Service with annual consumption less than 3,600 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$40.000 per month
First 200 Ccf	\$0.316 per Ccf
Over 200 Ccf	\$0.144 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "MVS" provided on Sheet No. 42.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

Issue Date: December 14, 2006

Effective Date: For Bills Rendered on and after January 1, 2007

Authorization: Order No. 7107 dated December 19, 2006 in PSC Docket No.
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Corporation **Fourth Revised**
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Delaware Division
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RATE SCHEDULE "MVS"†

MEDIUM VOLUME SERVICE

MINIMUM BILLS

The minimum monthly bill under this rate schedule is the customer charge.¶

" SPECIAL TERMS AND CONDITIONS OF SERVICE"

"<>Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.¶

<#>Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.¶¶

<=>A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.¶

<#>In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.¶

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Issue Date: December 10, 2003
Effective Date: For Bills Rendered
on and after March 1, 2004
Authorization: Order No. 6360
dated February 10, 2004 in PSC
Docket No. 03-529

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities Corporation
Fifteenth Revised Sheet No. 32
Delaware Division
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RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 15,000 Ccf. The Company will annually review those customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change.

A Customer on Medium Volume Service will be moved to this rate schedule with annual consumption equal to or greater than 16,500 Ccf. A Customer on this rate schedule will be moved to Medium Volume Service with annual consumption less than 13,500 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer charge: \$60.000 per month

First 1000 Ccf \$0.372 per Ccf
Over 1000 Ccf \$0.092 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

**TRANSPORTATION AND
BALANCING SERVICE**

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service rate ap

... [1]

P.S.C. Del. No. 4

Chesapeake Utilities Corporation

Fifteenth Revised Sheet No.

32

Delaware Division

RATE SCHEDULE "LVS"**LARGE VOLUME SERVICE****AVAILABILITY**

This rate schedule is available to any customer using gas for commercial and/or industrial purposes with an annual consumption generally equal to or greater than 15,000 Ccf. The Company will annually review those customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption warrant such a change. A Customer on Medium Volume Service will be moved to this rate schedule with annual consumption equal to or greater than 16,500 Ccf. A Customer on this rate schedule will be moved to Medium Volume Service with annual consumption less than 13,500 Ccf. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption other than at the annual review time.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer charge:	\$60.000 per month
First 1000 Ccf	\$0.372 per Ccf
Over 1000 Ccf	\$0.092 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "LVS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other

than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the Customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Firm Balancing Service Rate:	\$0.039 per Ccf of gas consumed
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Issue Date: December 14, 2006

Effective Date: For Bills Rendered on and after January 1, 2007

Authorization: Order No. 7107 dated December 19, 2006 in PSC Docket No. 06-373

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities
Corporation Fifth Revised
Sheet No. 32.1
Delaware Division

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RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE
(Continued)

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

SPECIAL TERMS AND
CONDITIONS OF SERVICE

(1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.

(2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.

(3) A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service customers switching to Transportation and Balancing Service.

<#>A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.

<#>In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges [...]

P.S.C. Del. No. 4

Chesapeake Utilities Corporation

Sheet No. 32.1

Delaware Division

Fifth Revised

RATE SCHEDULE "LVS"

LARGE VOLUME SERVICE (Continued)

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service customers switching to Transportation and Balancing Service.

A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the

Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.

In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: December 10, 2003

Effective Date: For Bills Rendered on and after March 1, 2004

Authorization: Order No. 6360 dated February 10, 2004 in PSC Docket No. 03-529

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities Corporation
Eighth Revised Sheet No. 33
Delaware Division

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RATE SCHEDULE "HLFS"

HIGH LOAD FACTOR SERVICE
AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the customer must use natural gas in at least eleven of the twelve months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this rate schedule as long as winter months consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption or winter months consumption other than after the annual review.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge: \$40.000 per month

All gas consumed \$0.102 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

TRANSPORTATION AND
BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's ... [1]

**P.S.C. Del. No. 4
Chesapeake Utilities Corporation
No. 33
Delaware Division**

Eighth Revised Sheet**RATE SCHEDULE "HLFS"****HIGH LOAD FACTOR SERVICE****AVAILABILITY**

This rate schedule is available to any customer using gas for commercial and/or industrial purposes that would otherwise qualify for Medium Volume Service or Large Volume Service and with winter months consumption, defined as the months of January through March, being less than thirty-five percent (35%) of their annual consumption. In addition, the customer must use natural gas in at least eleven of the twelve months under review and usage must be fairly evenly distributed throughout the review period. The Company will annually review those Customers receiving service under this rate schedule in order to determine the appropriate firm commercial and/or industrial rate schedule should their annual consumption or winter months consumption warrant such a change. A Customer will remain on this rate schedule as long as winter months consumption is less than thirty-seven percent (37%) of their annual consumption and the Customer qualifies for Medium Volume Service or Large Volume Service. The annual review process will be based on the twelve months ended August. Customers will not be shifted between rate schedules due to changes in annual consumption or winter months consumption other than after the annual review.

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Customer Charge:	\$40.000 per month
All gas consumed	\$0.102 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "HLFS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per

year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Issue Date: December 14, 2006

Effective Date: For Bills Rendered on and after January 1, 2007

Authorization: Order No. 7107 dated December 19, 2006 in PSC Docket No. 06-373

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities Corporation Eighth Revised Sheet No. 33.1
Delaware Division
<sp>
RATE SCHEDULE "HLFS"
HIGH LOAD FACTOR SERVICE
(Continued)
TRANSPORTATION AND BALANCING SERVICE (Continued)
Firm Balancing Service Rate: \$0.017 per Ccf of gas consumed
PUBLIC UTILITIES TAX
The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.
PAYMENT TERMS
Bills are due within ten (10) days of their date.
MINIMUM BILL
The minimum monthly bill under this rate schedule is the customer charge.
SPECIAL TERMS AND CONDITIONS OF SERVICE
(1) Service under this rate is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
(2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
(3) A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service customers switching to Transportation and Balancing Service.
<#>A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.
(... [1])

P.S.C. Del. No. 4

Chesapeake Utilities Corporation

Eighth Revised

Sheet No. 33.1

Delaware Division

RATE SCHEDULE "HLFS"

HIGH LOAD FACTOR SERVICE (Continued)

TRANSPORTATION AND BALANCING SERVICE (Continued)

Firm Balancing Service Rate: \$0.017 per Ccf of gas consumed

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others except for retail sale as a fuel to natural gas vehicles.
- (3) A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service customers switching to Transportation and Balancing

Service.

A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.

Issue Date: September 1, 2006

Effective Date: For Service Rendered on and after November 1, 2006 –

Temporary Basis

Authorization: Order No. 7040 dated October 3, 2006 in PSC Docket No. 06-287F

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities
Corporation First Revised
Sheet No. 33.2
Delaware Division
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RATE SCHEDULE "HLFS"
HIGH LOAD FACTOR SERVICE
(Continued)
SPECIAL TERMS AND
CONDITIONS OF SERVICE
(Continued)
<#>In addition to the above Delivery
Service rates, customers served
under this rate schedule may be
subject to one or more riders
containing additional charges
applicable to the service received,
such as ER and any applicable
franchise fees.

Issue Date: December 10, 2003

Effective Date: For Bills Rendered on and after March 1, 2004

Authorization: Order No. 6360 dated February 10, 2004 in PSC Docket No. 03-529

RATE SCHEDULE "NGV"

NATURAL GAS VEHICLE SERVICE

AVAILABILITY

To any Consumer operating a motor vehicle that is capable of using compressed natural Gas ("CNG") as a fuel if the equipment installed on the vehicle meets industry recognized standards and if the operator is authorized by the Company to fuel a CNG motor vehicle as the result of completing the Company's training program or a program determined by the Company, in its sole discretion, to be an equivalent training program.

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NGV service will be available at Chesapeake Utilities Corporation, 350 South Queen Street, Dover, Delaware 19904. Service hereunder is subject to availability of the Company's Gas supply, adequate distribution system capabilities and other resources available to and as determined by the Company.

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NGV service is subject to interruption, at the Company's option, at any time during the year without notice and for an indefinite period of time. The Company has no obligation whatsoever to make CNG available to any Consumer.

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¶ Service under this contract will terminate, with 90 days notice, at the discretion of the Company or the Commission. This notice shall be given by registered letter. ¶

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COMMODITY CHARGE (Posted Price)

The price per Ccf of CNG will be posted at the CNG Station on the first day of each month and will be set at the Ccf-equivalent price of a gallon of unleaded regular gasoline at self-service pumps as published by the Energy Information Administration, plus any applicable tax imposed by any governmental entity on natural Gas sales or CNG sales.

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The price charged to any Consumer will be reduced from the posted price to the extent the posted price includes a tax or taxes imposed by any governmental entity on natural Gas sales or CNG sales and the Consumer is exempt from such tax or taxes.

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If the Consumer is exempt from federal or state taxes imposed with respect to sales of gasoline for motor vehicle use, the price charged to the Consumer will be reduced from the posted price by the Ccf-equivalent of the tax or taxes on Gasoline from which the Consumer is exempt.

In no event will CNG be sold if the price as determined above is below the price level established for Company-Use Gas.

Issue Date:

Deleted: April 17, 2002

Effective Date: For Service Rendered on and after,

Deleted: May 1, 2002

Authorization: Order No.,

Deleted: 5932 dated April 16, 2002 in PSC Docket No. 01-307

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities Corporation
Seventh Revised

Sheet No. 35

Delaware Division

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RATE SCHEDULE "GCR"

**GAS COOLING SERVICE
AVAILABILITY**

This rate schedule is available to any residential Customer using gas for space cooling purposes during the billing months of May through October. During all other billing months, Rate Schedule "RS" Residential Service shall apply.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge: \$9.500
per month
All gas consumed \$0.087 per
Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GCR" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

**SPECIAL TERMS AND
CONDITIONS OF SERVICE**

(1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.

(2) Service purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others.

<#>In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

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Issue Date: December 14, 2006
Effective Date: For Bills Rendered
on and after January 1, 2007 ... [1]

RATE SCHEDULE "GCR"

GAS COOLING SERVICE

AVAILABILITY

This rate schedule is available to any residential Customer using gas for space cooling purposes during the billing months of May through October. During all other billing months, Rate Schedule "RS" Residential Service shall apply.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$9.500 per month
All gas consumed	\$0.087 per Ccf

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GCR" provided on Sheet No. 42.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) Service purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others.

In addition to the above Delivery Service rates, customers served under this rate schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.

Issue Date: December 14, 2006

Effective Date: For Bills Rendered on and after January 1, 2007

Authorization: Order No. 7107 dated December 19, 2006 in PSC Docket No. 06-373

RATE SCHEDULE "GCO"

GAS COOLING SERVICE

[This Rate Schedule was deleted]

Deleted: AVAILABILITY¶

¶ This rate schedule is available to any General Service, Medium Volume Service or Large Volume Service customer during the billing months of May through October using gas for space cooling purposes. Service on this rate schedule will be on a separate meter. If service is required during all other billing months, the applicable firm rate schedule shall apply.¶

¶ DELIVERY SERVICE RATES¶

¶ The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.¶

¶ Facilities Charge: \$9.500 per month¶
All gas consumed \$0.087 per Ccf¶

¶ GAS SALES SERVICE¶

¶ In addition to the above Delivery Service rates, customers served under this rate schedule are subject to the gas cost rate applicable to Rate Schedule "GCO" provided on Sheet No. 42.¶

¶ PUBLIC UTILITIES TAX¶

¶ The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.¶

¶ PAYMENT TERMS¶

¶ Bills are due within ten (10) days of their date.¶

¶ MINIMUM BILL¶

¶ The minimum monthly bill under this rate schedule is the customer charge.¶

Deleted: Issue Date: December 14, 2006¶

Effective Date: For Bills Rendered on and after January 1, 2007¶

Authorization: Order No. 7107 dated December 19, 2006 in PSC Docket No. 06-373

This Rate Schedule has been deleted.

Deleted: P.S.C. Del. No. 4
Chesapeake Utilities
Corporation Second Revised
Sheet No. 36.1
Delaware Division
<sp>
RATE SCHEDULE "GCO"
GAS COOLING SERVICE
(Continued)
SPECIAL TERMS AND
CONDITIONS OF SERVICE
(1) Service under this rate schedule
is subject to the standard terms and
conditions of service as in effect from
time to time under authority of the
Public Service Commission of
Delaware. It is also subject to the
limitations stated under the
"Availability" clause above.
<#>Service purchased hereunder is
for the use of the customer in one
location only and is not to be shared
or sold to others.
<#>In addition to the above Delivery
Service rates, customers served
under this rate schedule may be
subject to one or more riders
containing additional charges
applicable to the service received,
such as ER and any applicable
franchise fees.

Issue Date: December 10, 2003

Effective Date: For Bills Rendered on and after March 1, 2004

Authorization: Order No. 6360 dated February 10, 2004 in PSC Docket No. 03-529

RATE SCHEDULE "GLR"

GAS LIGHTING SERVICE

AVAILABILITY

This rate schedule is available for unmetered residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

GAS DELIVERY SERVICE RATE

The following rates for the delivery of Gas to the Consumer's premises apply to all Consumers served under this Rate Schedule for the respective monthly Billing Period.

Each 2 cu. ft./hr. or less \$12.75 per month.

GAS SALES SERVICE RATE

In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule are subject to the Gas Sales Service Rate Clause pursuant to Section 20 of this Tariff for the purchase of Gas supply from the Company.

Gas Sales Service Rate: \$1.34 per Ccf

PAYMENT TERMS

Bills are due within ten (10) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Customer shall install and own the lighting devices.
- (3) In addition to the above Delivery Service rates, Consumers served under this Rate Schedule may be subject to one or more Riders containing additional charges applicable to the service received.

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Effective Date: For Bills Rendered on and after,

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2004 in PSC Docket No. 03-529

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RATE SCHEDULE "GLO"

GAS LIGHTING SERVICE

AVAILABILITY

This rate schedule is available for unmetered non-residential outdoor gas lights as herein specified where the Company's existing distribution mains and services are suitable to supply such service.

GAS DELIVERY SERVICE RATE

The following rates for delivery of Gas to the Consumer's premises apply to all Consumers served under this Rate Schedule for the respective monthly Billing Period.

Each 2 cu. ft./hr. or less \$12.75 per month.

GAS SALES SERVICE RATE

In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule are subject to the Gas Sales Service Rate Clause pursuant to Section 20 of this Tariff for the purchase of Gas supply from the Company.

Gas Sales Service Rate: \$1.34 per Ccf

PUBLIC UTILITIES TAX

The Gas Delivery Service and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Consumer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this rate schedule is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.
- (2) The Consumer shall install and own the lighting devices.
- (3) In addition to the above Gas Delivery Service rates, Consumers served under this rate schedule may be subject to one or more Riders containing additional charges applicable to the service received.

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Effective Date: For Bills Rendered on and after,

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¶ The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.¶

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RATE SCHEDULE "NCR"
NEGOTIATED CONTRACT RATE

AVAILABILITY

This negotiated contract Tariff provision enables the Company to respond to Consumers competitive options in the energy services market. The Company shall use this negotiated contract Tariff to compete with alternate pricing situations resulting from but not limited to fuel switching, facility relocation or expansion, partial or complete plant production shifting, potential physical bypass, or other options available to the Consumer. The Company shall use the provisions of this Tariff only after a determination by the Company and the Consumer that other existing Tariff options will not meet the Consumer's needs.

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ELIGIBILITY

The NCR contract is available to any qualifying Consumer as specified herein. Consumer qualification shall be based upon meeting each of the following criteria as determined solely by the Company:

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(1) The Consumer has an economic competitive alternative to full or partial service from the Company's standard Tariff rates, as determined by the Company;

(2) The Consumer is likely to select said alternative if the Company does not provide a negotiated contract rate; and

(3) The price to the Consumer will provide net revenues above the incremental costs to provide service under this negotiated contract rate.

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The Company shall determine eligibility on a case-by-case basis based upon information supplied by the Consumer and in accordance with the Company's internal pricing guidelines. The Company's decision on the application shall consider the economics of the competitive alternative, as well as the practical aspects of securing that alternative (e.g., ability to secure environmental permitting, feasibility studies, switching ability, ability to secure required capital).

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Effective Date: For Service Rendered on and after ,

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Deleted: 5932 dated April 16, 2002
in PSC Docket No. 01-307

RATE SCHEDULE "NCR"
NEGOTIATED CONTRACT RATE
(Continued)

SERVICE OPTIONS

If the Company concludes that the Consumer meets all the eligibility requirements listed above, the Company shall enter into negotiations with the Consumer for the purpose of offering such services as are believed to meet the Consumer's requirements. Competitive offers may be made in a manner which provides the Consumer with numerous choices for service. A menu of service options differentiated by contract term, quantity, pricing options, and service attributes may be made available to the qualifying Consumer.

RATE

The rates for Gas Delivery Service only, in the case of Firm or Interruptible Transportation Consumers, or a combination of Gas Delivery Service and Gas Sales Service, for non-transporting Consumers shall be determined on a case-by-case basis according to the nature of the competitive situation. The final arrangements between the Company and the Consumer shall be included in a NCR Agreement (the "Agreement").

TAXES

Any applicable taxes, including but not limited to the Delaware Public Utilities Tax, shall be applied as required by Law.

CONTRACT TERM

The contract term shall be specified in the Agreement between the Consumer and the Company. The minimum term of any contract will be one year and the maximum term three years.

SPECIAL TERMS AND PROVISIONS

- (1) Upon agreement on service options, the Consumer and the Company shall enter into an Agreement specifying the services to be provided by the Company and the terms and conditions of providing such services. The Consumer must execute the Agreement prior to commencement of NCR service and any Gas facility extension investment by the Company. Service under the NCR Rate Schedule shall commence on the date specified in the Agreement.

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in PSC Docket No. 01-307

RATE SCHEDULE "NCR"

**NEGOTIATED CONTRACT RATE
(Continued)**

SPECIAL TERMS AND PROVISIONS (Continued)

- (2) The Agreement shall be considered a confidential document between the Company and Consumer. By executing the Agreement, the Consumer and the Company agree not to share the Agreement or information contained within the Agreement with anyone except the parties to the Agreement, the Delaware Public Service Commission and the Office of the Public Advocate, unless given written consent from the other party. Violations by the Consumer of the confidentiality agreement shall permit the Company to immediately terminate the Agreement with the Consumer and serve the Consumer under another Rate Schedule for which the Consumer qualifies. The Consumer shall also be responsible for the penalty provision described below and additional damages or prejudices to any other existing or potential contracts resulting from the breach of confidentiality.
- (3) The Agreement between the Company and the Consumer shall include penalty provisions for early cancellation. If at any time prior to the end of the Agreement term the Consumer elects to terminate the Agreement with the Company without exercising a re-contracting option for continuing service, the Consumer shall be obligated to the terms for cancellation as specified within the Agreement.
- (4) The Company may offer value-added services in conjunction with the Agreement. All service attributes agreed to between the Company and the Consumer shall be included in the Agreement.
- (5) The Company shall file all required information with the Delaware Public Service Commission within 30 days of the executed Agreement.

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In PSC Docket No. 01-307

RATE SCHEDULE "IS"
INTERRUPTIBLE SERVICE

[This Rate Schedule is no longer offered in the new Tariff]

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¶ This rate schedule is available to any non-residential customer with facilities in operating condition capable of utilizing an alternative fuel due to the fact gas service provided is subject to complete interruption at any time during the year at the Company's option. The definition of an alternative fuel under this rate schedule shall be propane, fuel oil, or electricity. When applying for service under this Rate Schedule, the Customer is required to provide the Company, in writing, with the type and specific grade of alternative fuel utilized by the Customer. The Customer shall submit, within 30 days of any change in operations, written notification when such change affects its alternate fuel capability.¶

DELIVERY SERVICE RATE¶

¶ Customer charge: \$100.000 per month¶

¶ The rate per Ccf of consumption shall be determined on an individual customer basis according to the nature of the interruptible service to be provided. This rate can be adjusted upon one (1) days notice to the Customer.¶

GAS SALES SERVICE¶

¶ In addition to the above Delivery Service rates, the gas sales service rate for Customers purchasing natural gas from the Company shall be determined by the Company and can be adjusted upon one (1) days notice to the Customer.¶

TRANSPORTATION AND BALANCING SERVICE¶

¶ Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system.

Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rate, the Customer is subject to the following Interruptible Balancing Service rate applied to all gas consumption.¶

¶ Interruptible Balancing Servi(... [1]

AVAILABILITY

This rate schedule is available to any non-residential customer with facilities in operating condition capable of utilizing an alternative fuel due to the fact gas service provided is subject to complete interruption at any time during the year at the Company's option. The definition of an alternative fuel under this rate schedule shall be propane, fuel oil, or electricity. When applying for service under this Rate Schedule, the Customer is required to provide the Company, in writing, with the type and specific grade of alternative fuel utilized by the Customer. The Customer shall submit, within 30 days of any change in operations, written notification when such change affects its alternate fuel capability.

DELIVERY SERVICE RATE

Customer charge: **\$100.000 per month**

The rate per Ccf of consumption shall be determined on an individual customer basis according to the nature of the interruptible service to be provided. This rate can be adjusted upon one (1) days notice to the Customer.

GAS SALES SERVICE

In addition to the above Delivery Service rates, the gas sales service rate for Customers purchasing natural gas from the Company shall be determined by the Company and can be adjusted upon one (1) days notice to the Customer.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rate, the Customer is subject to the following Interruptible Balancing Service rate applied to all gas consumption.

Interruptible Balancing Service Rate: **\$.005 per Ccf of gas consumed**

Issue Date: April 17, 2002
Effective Date:
after May 1, 2002
Authorization:
2002 in PSC Docket No. 01-307

For Service Rendered on and
Order No. 5932 dated April 16,

RATE SCHEDULE "IS"

**INTERRUPTIBLE SERVICE
(Continued)**

[This Rate Schedule is no longer offered in the new Tariff]

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¶
The Delivery Service, Gas Sales Service, Interruptible Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.¶

¶
PAYMENT TERMS¶

¶
Bills are due within ten (10) days of their date.¶

¶
MINIMUM BILL¶

¶
The minimum monthly bill under this rate schedule is the customer charge.¶

¶
CONTRACT TERMS¶

¶
The contract term shall be specified in a contract between the Customer and the Company. The minimum term of any contract will be one year.¶

¶
SERVICE INTERRUPTION¶

¶
For Customers purchasing gas supply from the Company and for customer-owned gas supply being curtailed, the Customer agrees to accept complete interruption of service upon at least four (4) hours advance notice from any hour of the day. If the Customer fails to interrupt service, the Customer shall pay a penalty rate of \$5 per Ccf in addition to the currently effective rate. The Penalty Rate shall remain in effect until such time as the Company, in its sole discretion, determines that normal service can be restored. The Customer agrees to hold the Company harmless from any loss, cost or damage occasioned by the interruption of service resulting from the Company's enforcement of this provision. In the event the Customer has an emergency that would cause the Customer great hardship if gas service is interrupted, the Company may, at its sole discretion based on available gas supply, waive interruption for a specified period of time. If the Customer fails to interrupt by the end of the specified period, the Customer shall pay the penalty shown above.¶

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Issue Date: April 17, 2002¶
Effective Date: For Service
Rendered on and after May 1, 2002¶
Authorization: Order No. 5932
dated April 16, 2002 in PSC Docket
No. 01-307

RATE SCHEDULE "IBE"

INTERRUPTIBLE BEST EFFORTS SALES SERVICE

AVAILABILITY

To any ATS Shipper or Consumer for use as an interruptible Gas supply for deliveries to or upstream of the distribution system or to any entity for off-system deliveries.. This service is available only on a best efforts basis subject to the ability of the Company to obtain Gas supply and subject to interruption for any reason determined by the Company. Service under this rate schedule must be scheduled no later than 7:00 a.m. of the day before service is to begin.

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GAS DELIVERY SERVICE RATE

The delivery of Gas purchased by a Consumer under the IBE Rate Schedule shall be at the Gas Delivery Service rates set forth in the General Sales Service or Transportation Service Rate Schedule to which the Consumer is currently assigned.

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GAS SALES SERVICE RATE

The Gas Sales Service rate for Gas purchased under this Rate Schedule shall be a negotiated, market-based rate.

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the Consumer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

CONTRACT TERMS

The contract term shall be specified in a contract between the Consumer and the Company. The minimum term of any contract is one day.

Issue Date:

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Effective Date: For Service Rendered on and after,

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Authorization: Order No.,

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RATE SCHEDULE "IBE"

**INTERRUPTIBLE BEST EFFORTS SALES SERVICE
(Continued)**

SERVICE INTERRUPTION

The Company may notify an ATS Shipper or Consumer receiving IBE service at any time that service will be interrupted and that deliveries or consumption of gas, as applicable, must be reduced or terminated. The company will endeavor to provide as much notice as possible prior to any interruption or curtailment of IBE supply service. Service interruptions based on Operational Flow Orders shall be noticed and administered under the provisions of Section 19.34. ATS Shippers and Consumers agree to accept complete curtailment of service upon at least four (4) hours advance notice from any hour of the day. Any Gas taken by an ATS Shipper or Consumer in excess of the volume allocated, if any, during a noticed interruption shall be considered an Unauthorized Overrun, and is subject to the charges provided in Section 19.16. The ATS Shipper and/or Consumer agree to hold the Company harmless from any loss, cost or damage occasioned by the interruption of IBE service.

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SPECIAL TERMS AND CONDITIONS OF SERVICE

- (1) Service under this Rate Schedule is subject to the Rules and Regulations contained in this Tariff, as such may be amended from time to time, under the authority of the Public Service Commission of Delaware.
- (2) In addition to the above Gas Delivery Service rates, Consumers served under this Rate Schedule may be subject to one or more riders containing additional charges applicable to the service received, such as ER and any applicable franchise fees.
- (3) Service hereunder will not be supplied from the Company's peaking facilities unless the Company waives the interruption of service due to an emergency.

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Effective Date: For Service Rendered on and after, _____
Authorization: Order No. _____

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATES

[Moved to Rules and Regulations Section of Tariff.]

20.1 APPLICABILITY

All Residential Service and General Sales Service Consumers shall purchase Gas from the Company. Each Residential Service and General Sales Service Rate Schedule shall include a Gas Sales Service rate which will be multiplied by a Consumer's Gas measured consumption quantity for a Billing Period. The application of the Gas Sales Service rate to the billing determinants of all Residential Service and General Sales Service Consumers is intended to recover the Company's purchased Gas cost, inclusive of the component costs described in Section 20.3. The rates computed under this Gas Sales Service Rate Clause shall remain in effect for the Effective Period unless adjusted by Commission order pursuant to Section 20.4.

FIRM SALES RATE SCHEDULES

The GSR Rate Schedules previously included here are now included with the Rate Schedule for the appropriate Rate Class.

20.2 EFFECTIVE PERIOD

For purposes of applying the Gas Sales Rate to Consumer bills, Effective period shall mean that period beginning with the Company's November Billing Period in any year through the October Billing Period in the succeeding year. At least sixty days prior to the final day of an annual Effective Period, the Company shall file with the Commission a statement of its projected Gas Costs for the next Effective Period, calculated in accordance with this clause. At the same time, the Company shall request that the Commission set a Gas Sales Rate for the next Effective Period.

[Moved to Section 20.4]

20.4 RATE CHANGES DURING THE EFFECTIVE PERIOD

If it appears at any time during the Effective Period that the revenue received by the Company through the application of its Commission approved annual Gas Sales Rate will result in a net under collection of the Company's Gas costs by more than six percent (6%) of the latest estimate of the Gas costs for the remainder of the Effective Period, or a net over collection of the Company's Gas costs by more than four and one half percent (4.5%) of such estimate, the Company shall apply to the Commission for revised rates to be effective until the next annual adjustment in the rates.

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Effective Date: For Service Rendered on and after,

Authorization: Order No.

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Deleted: The following lists the applicable Gas Sales Service Rates for the respective firm rate schedules as defined in this tariff:

RATE SCHEDULE GAS SALES SERVICE RATES

RS, GS, MVS, LVS \$1.340 per Ccf

HLFS, SFS \$1.280 per Ccf

GLR, GLO, GCR,
GCO \$1.125 per Ccf

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Deleted: copy of these Gas Sales Service Rates at least sixty (60) days prior to the regularly scheduled adjustment date, which shall be each November 1.

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Temporary Basis

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The November 1 rates will be based on a projected twelve-month period of November through October (projected period). The rates computed under this rate schedule shall remain in effect for the projected period provided the latest estimated over collection does not exceed 4½% or the latest estimated under collection does not exceed 6% of the actual firm gas costs incurred to date along with the Company's latest firm gas cost estimates for the remainder of the over/under collection period (over/under period). The twelve-month period used for the calculation of the over/under period will be based on the actual nine months ended July 31 of each year and the projected three months ended October 31 of each year. If it appears that the use of these rates for the twelve-month over/under period will result in an over or under collection exceeding these limits, the Company shall apply to the Commission for revised rates to be effective until the next annual adjustment in the rates.

RATE SCHEDULE "GSR"

GAS SALES SERVICE RATES
(Continued)

OVERALL METHODOLOGY [now Section 20.3]

20.3 BASIS FOR PROJECTIONS

The Company's projected Gas costs for the twelve-month Effective Period shall be defined as including the following components:

- A. Natural gas purchased from any supplier; plus
- B. Liquefied petroleum gas (LPG); plus
- C. Liquefied natural gas (LNG); plus
- D. Other hydrocarbons distributed to Consumers or used as feedstock for production of Substitute Natural Gas (SNG); plus
- E. Storage, Transporter transportation costs (including demand, usage and applicable surcharges), and any other Gas related costs; plus
- F. Charges paid to the Company's suppliers for past periods unless disallowed by Delaware Public Service Commission; plus
- G. The fees or other costs paid to third parties as part of a Gas price risk management program approved by the Commission, including payments to obtain an option, whether or not exercised, payments to obtain a price band or cap, swap transaction costs, and other similar costs, less revenues or payment received for the sale of an option, swap transaction revenues, or similar revenues or payments received, less
- H. The commodity Gas costs for Interruptible Best Efforts Sales Service; less
- I. All demand and commodity supplier refunds received from the Company's suppliers; less
- J. All revenues received for the Company's Daily Balancing Service and Seasonal Swing Service; less
- K. All revenues received for any Operational Flow Order Charge or Unauthorized Overrun penalty, net of any Transporter penalties or charges incurred by the Company over the same period; less
- L. Revenues received from any release of Transporter capacity, other than those releases for the Company's Aggregated Transportation Service program as provided in Section 19 or this Tariff; less

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¶ (9) The commodity gas costs for Interruptible Best Efforts Sales Service; less¶

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M. Revenues received from Transition Charges (Section 19.15); less or plus

N. The over or under collection for the Company's Projected Gas Cost, as defined herein, for the prior Effective Period. In any year, for the purpose of determining an over or under collected position, the Company shall calculate its actual position for the nine month period beginning November 1 and ended July 31 and forecast its position for the next successive three month period ended October 31. Interest shall be calculated on the actual monthly over or under collection balances net of deferred income taxes at the rate of 1/12th the annual refund interest rate issued by the Federal Energy Regulatory Commission on a quarterly basis; less or plus

O. Any other applicable Gas cost adjustments.

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RATE SCHEDULE "GSR"
GAS SALES SERVICE RATES
(Continued)

The Gas Sales Rate shall be determined by dividing the total cost components identified above by the total firm consumption for the respective determination period.

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METHODOLOGY (Continued)

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Deleted: peak day capacity requirements. A Commodity Rate will be determined by dividing the total firm commodity cost components by total firm

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RESPECTIVE FIRM RATE
SCHEDULES¶

¶ Rate Schedule HLFS, SFS - High Load Factor Service and Seasonal Firm Service will be charged a single gas cost rate per Ccf based on the combination of a weighted average Demand and Commodity Rate developed on an overall sixty-five percent (65%) load factor for the customer class with the overall system weighted average gas cost rate. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.¶

¶ Rate Schedule GCR, GCO, GLO, GLR - The Gas Cooling Services and Gas Lighting Services will be charged the weighted average Demand and Commodity Rates through a single gas cost rate per Ccf based on a 100% load factor. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.¶

¶ Rate Schedule RS, GS, MVS, LVS - These rate schedules will be assigned the remaining firm purchased gas costs after the firm purchased gas costs have been allocated to the above mentioned Rate Schedules less the portion of any shared margins resulting from interruptible sales, capacity release, or off-system sales. These Rate Schedules will be charged a single gas cost rate per Ccf. This rate will reflect the sum of the projected demand and commodity costs for these classes divided by the sum of their annual consumption for the projected period.¶

¶ MARGIN SHARING¶

¶ Margins as used herein for interruptible sales and off system sales means revenues less: (a) associated gas costs and (b) any applicable taxes based on gross receipts. Margins as used here ... [1]

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in PSC Docket No. 01-307

ALLOCATION TO RESPECTIVE FIRM RATE SCHEDULES

Rate Schedule HLFS, SFS - High Load Factor Service and Seasonal Firm Service will be charged a single gas cost rate per Ccf based on the combination of a weighted average Demand and Commodity Rate developed on an overall sixty-five percent (65%) load factor for the customer class with the overall system weighted average gas cost rate. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.

Rate Schedule GCR, GCO, GLO, GLR - The Gas Cooling Services and Gas Lighting Services will be charged the weighted average Demand and Commodity Rates through a single gas cost rate per Ccf based on a 100% load factor. The purchased gas costs will be allocated to this Rate Schedule based on its annual consumption for the projected period.

Rate Schedule RS, GS, MVS, LVS - These rate schedules will be assigned the remaining firm purchased gas costs after the firm purchased gas costs have been allocated to the above mentioned Rate Schedules less the portion of any shared margins resulting from interruptible sales, capacity release, or off-system sales. These Rate Schedules will be charged a single gas cost rate per Ccf. This rate will reflect the sum of the projected demand and commodity costs for these classes divided by the sum of their annual consumption for the projected period.

MARGIN SHARING

Margins as used herein for interruptible sales and off system sales means revenues less: (a) associated gas costs and (b) any applicable taxes based on gross receipts. Margins as used herein for capacity release means revenues less any applicable taxes based on gross receipts. As used in this tariff, the term "Shared Margins" means interruptible sales margins, off system sales margins, and capacity release margins.

RATE SCHEDULE "GSR"
GAS SALES SERVICE RATES
(Continued)

UNACCOUNTED FOR GAS INCENTIVE MECHANISM

20.5 SHRINKAGE FACTOR

The Company shall calculate a Shrinkage Factor to account for differences between the Gas quantities delivered by Transporters to the Company's Delivery Point(s) and Gas quantities delivered by the Company to the Consumers Points of Delivery. The Shrinkage Factor shall be established annually, based on a five (5) year rolling average of Company use Gas, plus Gas losses, plus Unaccounted for Gas volumes. Unaccounted for Gas quantities shall be determined as follows:

A. Unaccounted For Gas Incentive Mechanism

The Unaccounted For Gas Incentive Mechanism was originally approved by the Commission on an experimental basis for the following three consecutive twelve month ending periods: August 31, 1993, 1994 and 1995. The Commission reviewed the Incentive Mechanism and determined it should be continued beyond the initial three year period by Order No. 4189 in PSC Docket No. 95-206F.

The terms utilized in the Unaccounted For Gas Incentive Mechanism shall have the following meanings:

1. "Unaccounted For Gas" shall be defined as the difference between total Gas sales, billed and unbilled, and total Gas send-out, exclusive of company use Gas and pressure compensated Gas volumes.
2. The "Unaccounted For Gas Target" (UFG-T) shall be 3.20 percent of total Gas sendout or total Gas requirements.
3. The "Dead Band" shall mean +/- 0.5% points around the 3.20% UFG-T. Unaccounted For Gas volumes which are within 2.70% to 3.70% of total Gas sendout will be considered to be within the "dead band". Unaccounted For Gas volumes within the dead band will be regarded as meeting the objectives of this mechanism.

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Effective Date: For Bills Rendered on and after,

Authorization: Order No.,

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¶ During the over/under period, the Company shall retain one hundred percent (100%) of all Shared Margins up to \$800,000. Thereafter, the Company shall retain twenty percent (20%) and the firm customers, as described above, will receive eighty percent (80%) of all Shared Margins in excess of \$800,000. Each year, at the time the Company files its annual GSR application, the Company will calculate an adjusted margin sharing threshold for that determination period as approved by the Commission in PSC Docket No. 03-489 to take into account the allocation of unaccounted for gas costs to interruptible customers. ¶

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Deleted: The Unaccounted For Gas Incentive Mechanism was originally approved by the Commission on an experimental basis for the following three consecutive twelve month ending periods: August 31, 1993, 1994 and 1995. The Commission reviewed the Incentive Mechanism and determined it should be continued beyond the initial three year period by Order No. 4189 in PSC Docket No. 95-206F.¶

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¶ The terms utilized in the Unaccounted For Gas Incentive Mechanism shall have the following meanings:¶

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RATE SCHEDULE "GSR"

**GAS SALES SERVICE RATES
(Continued)**

B. Unaccounted For Gas Determination Process

The Company, as part of its annual Gas Sales Service Rate filing in September, will provide the actual Unaccounted For Gas volumes and total Gas sendout for the preceding twelve month period, ended July 31, in order that the Unaccounted For Gas can be expressed as a percentage of total Gas sendout. This percentage will be compared to the target percentage of 3.20% with a range of plus or minus one-half percent (+/-0.5%) by the Delaware Public Service Commission Staff. The Staff will review the actual Unaccounted For Gas volumes on an annual basis and review the Delaware Division's performance under this mechanism in the next base rate proceeding.

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TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS

[The Transportation and Balancing Tariff sheets have been completely rewritten. Section 19 of the Rules and Regulations in the new Tariff contains the replacement information for Transportation. Additionally, the new Tariff includes Rate Schedules for 7 levels of Firm Transportation Service (depending on the annual quantities used) and for Interruptible Transportation Service.]

1 GENERAL [Rewritten and included in Section 19.9 and 19.10]

1.1

2 DEFINITIONS [Rewritten and included in Section 19.1, and in the Technical Terms and Abbreviations Section]

Issue Date:

Effective Date: For Service Rendered on and after,

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Deleted: Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Transportation service is made up of several components with associated charges. Components of transportation service include delivery of gas to the Customer's metering point, balancing the difference between the volume of gas supplied and the volume of gas actually consumed by the Customer on a daily basis, and resolving imbalances that exist at the end of a billing month. Customers utilizing transportation service will be billed for delivery service, balancing, and other charges applicable for the rate schedule under which they are served.¶

¶ 1.2 In order to be eligible to transport gas it is necessary for the Customer to contract with a supplier of natural gas. Firm Customers must have firm transportation to the Company's distribution system as well as a reliable gas supply. The Customer is required to notify the Company of the name of its supplier prior to the tenth (10th) of the month preceding the month for which transportation will commence.

Deleted: *Daily Contract Quantity (DCQ):* The amount of Customer-owned gas, as determined by the Company for each calendar month, that is scheduled by the Customer to be delivered to the Company's distribution system each day of the month net of the shrinkage factor.¶

¶ *Decatherm (Dt) conversion to Mcf:* Dt divided by the thermal factor equals Mcf.¶

¶ *Flowing Gas:* Means gas flowing from a supplier through the pipeline system to the city gate and does not include gas taken out of storage.¶

¶ *Gas Day:* The 24 consecutive hours beginning at nine o'clock (9:00) a.m. Central Clock Time.¶

¶ *Imbalance:* Any difference between the amount supplied by the Customer and the volume consumed. Nominations are adjusted for thermal content and shrinkage to determine the volume supplied by the Customer.¶

¶ *Nomination:* The volume of gas, including shrinkage, that the Customer is having delivered on its behalf to a delivery point on the Company's system.¶

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TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

2 DEFINITIONS (continued) [Rewritten and included in Section 19.1 and Technical Terms and Abbreviations.]

3 REQUEST FOR TRANSPORTATION SERVICE [Rewritten and included in Section 19.11]

4 CONTRACT FOR SERVICE [Rewritten and included in Section 19.2]

5 GAS TO BE TRANSPORTED BY THE COMPANY [Rewritten and included in Section 19.7]

Issue Date:

Effective Date: For Service Rendered on and after,

Authorization: Order No.,

Deleted: *Shrinkage Factor:* A percentage applied to nominated volumes for Company use, losses and unaccounted-for gas to determine the quantity actually delivered to the Customer. The shrinkage factor shall be determined annually and will be the five-year average.¶

¶ *Thermal Factor:* The amount of BTU's in one Mcf of natural gas divided by one million. The thermal factor for converting between Dt and Mcf shall be 1.035 unless otherwise specified by the Company.¶

Deleted: Each prospective transportation Customer must submit a written application in a form acceptable to the Company. Service will be provided by the Company based on available capacity and the Customer delivering suitable gas into the Company's distribution system.¶

Deleted: A Service Agreement with a minimum term of one year must be executed by each applicant as a condition to receiving transportation service. The Service Agreement shall specify the date on which service is to begin, receipt and delivery points, the rate schedule(s) under which service is to be provided and other conditions of receipt by the Company and delivery to the Customer. Transportation of gas will not begin until a fully executed Service Agreement is completed.¶

Deleted: The Customer is responsible for making all arrangements necessary for getting the gas to a delivery point on the Company's distribution system in compliance with pressure requirements established by the Company or any upstream pipeline for the delivery point. Gas received for one Customer will be commingled with the gas of other customers and suppliers. Gas transported by the Company shall be and remain the property of the Customer.¶

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TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

6 QUALITY OF GAS [Rewritten and included in Section 19.7]

7 TITLE TO GAS [Rewritten and included in Section 19.36]

8 LIABILITY [Rewritten and included in Section 19.4]

9 METERING AND ASSOCIATED EQUIPMENT [Rewritten and included in Section 19.5]

Issue Date: _____

Effective Date: For Service Rendered on and after, _____

Authorization: Order No. _____

Deleted: Gas received by the Company for the account of the Customer shall be natural gas conforming to the quality specifications as provided for in the General Terms and Conditions of the tariff of the pipeline that is interconnected to the Company's distribution system. Any gas entering the Company's system at a receipt point that is not an interconnection with an interstate pipeline must also meet the "pipeline quality" standard set forth above.¶

Deleted: The Customer must have good title to all the gas delivered to the Company for transportation free and clear of all liens, encumbrances, and claims whatsoever. The Customer agrees to indemnify and hold the Company harmless against any loss of cost incurred by the Company on account of liens, encumbrances or claims resulting from any possession or transportation by the Company

Deleted: The Company shall not be liable for any loss to the Customer arising from or out of transportation service under any rate schedule, including loss of gas in the possession of the Company. The Company makes no guarantee against and assumes no liability for interruptions of service.¶

Deleted: Transportation service utilizing the DCQ for delivery of Customer-owned gas to the Company's distribution system is not expected to require any special metering or communication equipment in excess of what would be needed to provide regular delivery and standard gas sales service. However, there may be situation such as knowledge of daily usage by interruptible Customers that will require additional equipment. If any additional metering or communication equipment is required to provide transportation service, the Customer will reimburse the Company for such equipment and its installation. The Customer shall provide any electrical supply or phone line needed for the operation of the additional equipment.¶

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TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

[rewritten, see Section 19 of new Tariff]

Issue Date: _____

Effective Date: For Service Rendered on and after, _____

Authorization: Order No. _____

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**Deleted: 10 AGENTS ACTING ON
BEHALF OF THE CUSTOMER**

¶
A Customer using an agent, such as brokers, marketers, or producers, to act on behalf of the Customer for the delivery of gas to the Company's system must notify the Company in advance in writing the identity of the Agent and what responsibilities have been delegated to the Agent. Notification to the Company must clearly state Customer and/or Agent responsibilities for nominations, deliveries, and scheduling of gas. Any notices provided to a Customer's Agent shall be deemed to have been provided to the Customer and the Company shall be held harmless from any actions taken by the Agent.¶

11 COMPANY AS AGENT

¶
The Company may act as agent for a Customer in securing gas supply, storage, transportation on transmission pipeline, or other services required to meet the Customer's needs. The Company shall not be responsible for charges incurred on behalf of the Customer, nor for the performance, non-performance or continued availability of any pipeline or other services. The charges for this service shall be determined by negotiation between the Company and the Customer.¶

**12 DETERMINATION OF DAILY
CONTRACT QUANTITY**

¶
12.1 A Daily Contract Quantity (DCQ) for each calendar month shall be calculated annually by the Company for a twelve-month period based on usage during a previous twelve-month period, if available. Previous usage shall be adjusted for normal weather in a matter determined by the Company. The Company may adjust monthly DCQ's on an ongoing basis due to changes in a Customer's gas equipment, pattern of usage, or any other information supplied by the Customer. If previous usage is not available, the Company may estimate a DCQ for as many months as necessary based on information supplied by the Customer and/or inspection of utilization equipment. As soon as possible actual usage will be used to calculate the DCQ for future months. The Customer, or Customer's Agent, will be obligated to deliver the Customer's DCQ each day of the month to the agreed upon delivery point on the Company's distribution system.¶

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TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

12 DETERMINATION OF DAILY CONTRACT QUANTITY (Continued) [rewritten, see Section 19 of new Tariff]

13 NOMINATIONS AND SCHEDULING [rewritten, see Section 19.29 of new Tariff]

13.4 13.1

Deleted: 12.2 The DCQ determined in 12.1 in Ccf will be grossed up for shrinkage and converted to Dt using the thermal factor. The result will be rounded to the nearest Dt which will be the customer's nomination quantity. This DCQ in Dt will then be reduced by the shrinkage factor and converted to Ccf using the thermal factor. The result will be the monthly DCQ expressed in Ccf. ¶

Deleted: The Company shall deliver a Customer's gas only upon receipt from the Customer, or Customer's Agent, a properly completed and executed nomination form specified by the Company. The nomination form shall, among other things, specify the nomination quantity required during the requested period measured in Mcf and the location at which the gas is to be delivered. A nomination form must be submitted at the time specified below for each calendar month that transportation service is desired. ¶

¶ 13.2 The nomination given to the Company will be in Decatherms (Dt). ¶

¶ 13.3 Nominated quantities shall be reduced by the shrinkage factor and converted to Ccf to determine the quantity actually delivered to the Customer's meter, which must be equal to the Customer's DCQ in Ccf for the month. ¶

¶ Customers or their Agents shall provide the Company daily nominations for the calendar month by 9:00 a.m. on the sixth business day prior to the beginning of each month via mail or facsimile. If the nomination cannot be confirmed with the delivering pipeline(s) or other source(s), the nomination will be rejected.

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in PSC Docket No. 01-307

Issue Date:

Effective Date: For Service Rendered on and after

Authorization: Order No.

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

[This section was rewritten and is now incorporated into Section 19.32 of the new Tariff]

14 FIRM BALANCING SERVICE

Issue Date: _____

Effective Date: For Service Rendered on and after, _____

Authorization: Order No. _____

Deleted: 14.1 Balancing between the Customer's DCQ and the volume of gas consumed by the Customer is performed daily by the Company on a firm basis. Imbalances between the volume of gas supplied by the Customer and the volume of gas consumed by the Customer for a billing month will be cashed-out at the Company's weighted average cost at the city gate for flowing gas, including gas cost, variable transportation, and fuel for the calendar month in which most of the billing month occurs. Estimated costs will be used based on nominations made by the Company when the applicable calendar month is not completed before billing the Customer.¶

¶
14.2 If the DCQ volume is not supplied by the Customer in any gas day, the Customer shall be billed a fee of \$30.00 per Dt for the difference between the DCQ nomination, which is in Dt, and the volume actually supplied by the Customer. Such penalty shall be paid by the Customer in addition to the cost of gas supply used to serve the customer.¶

¶
15 INTERRUPTIBLE BALANCING SERVICE¶

¶
15.1 Balancing between the Customer's DCQ and the volume of gas consumed by the Customer is performed daily by the Company on an interruptible basis. Imbalances between the volume of gas supplied by the Customer and the volume of gas consumed by the Customer for a billing month will be cashed-out at the Company's weighted average cost at the city gate for flowing gas, including gas cost, transportation at the 100% load factor rate, and fuel for the calendar month in which most of the billing month occurs. Estimated costs will be used based on nominations made by the Company when the applicable calendar month is not completed before billing the Customer.¶

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Deleted: 5932 dated April 16, 2002
in PSC Docket No. 01-307

TRANSPORTATION AND BALANCING

GENERAL TERMS AND CONDITIONS
(Continued)

15 INTERRUPTIBLE BALANCING SERVICE (Continued) [rewritten and included in Section 19.31 and 19.32 of new Tariff]

16 OPERATIONAL FLOW ORDER [rewritten and included in Section 19.34 B of new Tariff]

Issue Date: ,

Effective Date: For Service Rendered on and after ,

Authorization: Order No. ,

Deleted: 15.2 The Customer is expected to cease using gas if the Customer's supply is interrupted. When a supply interruption occurs the Customer must notify the Company immediately upon interruption and upon resumption of supply. During the interruption period the Customer's DCQ will be set to zero for purposes of calculating daily shortfalls and monthly imbalances. Using gas during a period of supply interruption will subject the Customer to the same penalty rate specified in the interruptible rate schedule for failure to interrupt service unless the Company is not interrupting customers and has gas supply available. In the later case, the fee specified in 15.3, below, will apply to gas used during the Customer's supply interruption unless the Customer schedules another service from the Company.¶

¶
15.3 If the Customer, or the Customer's supplier, fails to supply the DCQ on any gas day the Customer shall be billed a fee of \$30.00 per Dt for the difference between the DCQ nomination, which is in Dt, and the volume actually supplied by the Customer. Such penalty is in addition to any cash-out price paid by the Customer for monthly imbalances.¶

¶
15.4 On a daily basis, the Company, in its sole discretion, may limit Customer usage to the volume of Customer-owned gas that is delivered to the Company's distribution system.¶

¶
15.5 Where the Company interrupts the Customer's transportation gas for distribution system reasons any monthly imbalance up to the total DCQ volumes delivered to the Company's distribution system during the period of interruption will be purchased by the Company at the Customer's cost or the otherwise effective cash-out price, whichever is greater.¶

Deleted: At any time that transportation gas results, in the sole judgement of the Company, adverse operating impacts of the Company's distribution system or its ability to serve firm Customers, the Company may refuse delivery of Customer's gas or require the Customer to adjust its nominations up or down. Operational Flow orders will be issued by the Company eight (8) hours in advance of implementation, unless exigent circumstances dictate a shorter notice period.¶

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in PSC Docket No. 01-307

RATE SCHEDULE "SUP"

GAS SUPPLIER REQUIREMENTS

[Gas Supplier Requirements were rewritten and now included in Section 19 of the Rules and Regulations section of the new Tariff. They are covered in Sections 19.17 – 19.38]

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¶ For Qualified gas suppliers that contract with a Customer to deliver the Customer's Daily Contract Quantity (DCQ) under the General Terms and Conditions for transportation and balancing. A supplier must submit an application to the Company to provide service to customers under this Schedule and satisfy the Company's credit requirements set forth below.¶

RESPONSIBILITY FOR GAS DELIVERY¶

¶ The supplier shall make nominations and deliver, or arrange to have delivered, the Customer's DCQ in accordance with the Transportation and Balancing General Terms and Conditions. If the Supplier has more than one Customer, a nomination which is the sum for more than one Customer may be made on interstate pipelines but the amount for each Customer must be identified on the nomination to the Company. Failure to deliver the required amount of gas will make the Supplier subject to penalties as stated in the Transportation and Balancing General Terms and Conditions. If the Supplier fails to pay any penalties, the Customer for whom the Supplier is delivering gas shall be responsible for payment.¶

CREDITWORTHINESS¶

¶ To become a qualified supplier, the Supplier must demonstrate to the Company's satisfaction that it has met and continues to meet the credit worthiness criteria of at least one non-affiliated interstate pipeline that delivers natural gas to the Company's city gate or to an interstate pipeline that is connected to Eastern Shore Natural Gas. Upon notification by the Company that the Supplier no longer satisfies the credit criteria or has failed to timely pay any bill rendered under this schedule, the Supplier is disqualified until such time as satisfactory evidence is provided by the Supplier that the Supplier's overall financial condition again meets the Company's credit criteria or an acceptable credit enhancement, including but not limited to a cash deposit, letters of credit or surety bonds, is furnished to the Company.¶

TAXES¶

¶ Any applicable taxes including, but not limited to, the Public Utili... [1]

AVAILABILITY

For Qualified gas suppliers that contract with a Customer to deliver the Customer's Daily Contract Quantity (DCQ) under the General Terms and Conditions for transportation and balancing. A supplier must submit an application to the Company to provide service to customers under this Schedule and satisfy the Company's credit requirements set forth below.

RESPONSIBILITY FOR GAS DELIVERY

The supplier shall make nominations and deliver, or arrange to have delivered, the Customer's DCQ in accordance with the Transportation and Balancing General Terms and Conditions. If the Supplier has more than one Customer, a nomination which is the sum for more than one Customer may be made on interstate pipelines but the amount for each Customer must be identified on the nomination to the Company. Failure to deliver the required amount of gas will make the Supplier subject to penalties as stated in the Transportation and Balancing General Terms and Conditions. If the Supplier fails to pay any penalties, the Customer for whom the Supplier is delivering gas shall be responsible for payment.

CREDITWORTHINESS

To become a qualified supplier, the Supplier must demonstrate to the Company's satisfaction that it has met and continues to meet the credit worthiness criteria of at least one non-affiliated interstate pipeline that delivers natural gas to the Company's city gate or to an interstate pipeline that is connected to Eastern Shore Natural Gas. Upon notification by the Company that the Supplier no longer satisfies the credit criteria or has failed to timely pay any bill rendered under this schedule, the Supplier is disqualified until such time as satisfactory evidence is provided by the Supplier that the Supplier's overall financial condition again meets the Company's credit criteria or an acceptable credit enhancement, including but not limited to a cash deposit, letters of credit or surety bonds, is furnished to the Company.

TAXES

Any applicable taxes including, but not limited to, the Public Utilities Tax will be added to all charges.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

Issue Date: April 17, 2002

**Effective Date:
after May 1, 2002**

**Authorization:
2002 in PSC Docket No. 01-307**

For Service Rendered on and

Order No. 5932 dated April 16,

GAS SUPPLIER REQUIREMENTS (Continued)

Deleted: LIABILITY LIMITS

The Company shall not be liable for any loss, cost, damage or expense occasioned by the calculation of the DCQ. The Supplier shall warrant that, at the time of delivery of gas to the customer, it will have good title to deliver all gas volumes. The Company shall have no liability with respect to all gas delivered prior to its physical delivery to the Company or after its redelivery to the Customer.

Issue Date: April 17, 2002
Effective Date: For Service Rendered on and after May 1, 2002
Authorization: Order No. 5932 dated April 16, 2002 in PSC Docket No. 01-307

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RATE SCHEDULE "ER"
ENVIRONMENTAL RIDER

PURPOSE

The purpose of this rider is to recover reasonable environmental costs associated with cleaning up former manufactured Gas plants (MGP). Applicable environmental costs are those incurred as a result of, but not limited to, investigation, testing, monitoring, remediation (including remediation of the groundwater), land acquisition, and legal costs relating to former MGP sites, disposal sites, or sites to which material may have migrated as a result of the earlier operation and/or decommissioning of MGPs. Environmental costs expended will be offset by any payments related to these costs received by the Company from insurance proceeds or from another party. Environmental costs shall not include expenses incurred in connection with litigation by third parties claiming personal injury or by third parties claiming damage to their property as a result of the operation or decommissioning of MGPs or as a result of the migration of materials from MGP sites.

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APPLICABILITY

The environmental rider will be applicable to all firm Consumers receiving Gas Delivery Service from the Company.

Deleted: customers

OPERATION OF THE RIDER

The Company will file with the Commission a copy of the environmental rider computation at least 30 days prior to the proposed effective date, which will be each December 1.

The calculation filed will be supported by all bills and receipts relating to the amount of any environmental costs incurred in the preceding Environmental Cost Year for which the Company seeks to begin recovery. In the same filing, the Company shall include similar material and information to support any expenses and/or recoveries resulting from Third Party claims. The Company shall also submit in its annual filing a projection of environmental costs for the following Environmental Cost Year based on the best information available at the time of filing.

RATE

The rate for the rider effective December 1, 2006 is (\$0.0022) per Ccf.

Issue Date: _____

Effective Date: For Service Rendered on and after _____

Authorization: Order No. _____

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2007 PSC Docket No. 06-355

RATE SCHEDULE "ER"

ENVIRONMENTAL RIDER
(Continued)

DETERMINATION OF RATE

The rider shall be comprised of an amortization factor and a reconciliation factor as follows:

- (1) Amortization Factor: Recovery of net environmental costs incurred during an Environmental Cost Year will be accomplished through a five year amortization, offset by the tax benefit associated with those environmental costs as defined below. A net annual amortization amount will be calculated for each of the five years of amortization scheduled for the Environmental Cost Year. The amortization factor for any year will be comprised of the total net annual amount scheduled for that year.
- (2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of August immediately preceding the beginning of the next Recovery Year.
- (3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of December 1 through November 30. The rate shall be rounded to four decimal places per Ccf.

DEFINITIONS

- (1) Environmental Cost Year is the time period over which environmental costs are incurred and any payments from other parties are netted against the costs. For purposes of this rider, the Environmental Cost Year will be from October 1 through September 30. The Environmental Cost Year will include actual data recorded for the year. Recovery of environmental costs for an Environmental Cost Year will begin with the Recovery Year that starts immediately following the end of the Environmental Cost Year.
- (2) Recovery Year is each December 1 through November 30 and is the time period over which the annually calculated environmental rider rate will be billed to firm Consumers.

Deleted: custo

Issue Date: ,

Effective Date: For Service Rendered on and after ,

Authorization: Order No. ,

Deleted: April 17, 2002

Deleted: May 1, 2002

Deleted: 5932 dated April 16, 2002
in PSC Docket No. 01-307

RATE SCHEDULE "ER"

ENVIRONMENTAL RIDER
(Continued)

DEFINITIONS (Continued)

- (3) Tax benefit (TB) associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [5-x)/5] * .1306 * .39742$$

where:

$$AEC_n = \text{Actual Environmental Costs incurred in Environmental Cost Year "n"}$$

$$x = \text{The number of years that the Actual Environmental Costs (AEC) incurred in Year "n" have been subject to amortization (x = 1, 2, 3, and 4)}$$

$$.1306 = \text{Before Tax Cost Rate}$$

$$.39742 = \text{Effective Combined Federal and State Income Tax Rate.}$$

The Before Tax Cost Rate of .1306 and the Effective Combined Federal and State Income Tax Rate of .39742 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting when the next Rider Rate is calculated for the next Recovery Year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for next Environmental Cost Year that ends after the rate changes.

Issue Date: _____

Effective Date: For Service Rendered on and _____

Authorization: Order No. _____

Deleted: November 1, 2002

Deleted: after December 1, 2002

Deleted: 6203 dated July 8, 2003 in
PSC Docket No. 02-390

RATE SCHEDULE "SFS"

SEASONAL FIRM SERVICE

[This Rate Schedule is no longer offered in the new Tariff]

Deleted: AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service and the customer uses natural gas solely during the months of April through November. If a customer served on this rate schedule uses any natural gas during the calendar months of December through March (restricted period), the customer will be shifted to another appropriate rate schedule and pay the penalty set forth below. The Company will annually review those customers receiving service under this rate schedule in order to determine if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service. The annual review process will be based on the twelve months ended August.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge: \$60.000 per month

All gas consumed: \$0.109 per Ccf

Penalty for use during restricted period: \$0.30 per Ccf for consumption during the previous six months.

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "SFS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system.

Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery

Service rates, the customer l(... [1]

AVAILABILITY

This rate schedule is available to any customer using gas for commercial and/or industrial purposes if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service and the customer uses natural gas solely during the months of April through November. If a customer served on this rate schedule uses any natural gas during the calendar months of December through March (restricted period), the customer will be shifted to another appropriate rate schedule and pay the penalty set forth below. The Company will annually review those customers receiving service under this rate schedule in order to determine if the customer's annual consumption exceeds the minimum annual consumption required to qualify for Medium Volume Service. The annual review process will be based on the twelve months ended August.

DELIVERY SERVICE RATES

The following rates for delivering gas to the customer's location apply to all customers served under this rate schedule.

Customer Charge:	\$60.000	per month
All gas consumed:	\$0.109	per Ccf

Penalty for use during restricted period: \$0.30 per Ccf for consumption during the previous six months.

GAS SALES SERVICE

In addition to the above Delivery Service rates, customers purchasing their natural gas supply from the Company are subject to the gas cost rate applicable to Rate Schedule "SFS" provided on Sheet No. 42.

TRANSPORTATION AND BALANCING SERVICE

Transportation service is available to commercial and industrial customers with annual consumption through one meter equal to, or greater than, 30,000 Ccf per year that choose to have their own gas transported through the Company's distribution system. Customers purchasing natural gas from a supplier, other than the Company, must have the natural gas delivered to the Company's city gate in accordance with the Transportation and Balancing General Terms and Conditions provided on Sheet No. 43. In addition to the above Delivery Service rates, the customer is subject to the following Firm Balancing Service rate applied to all gas consumption.

Issue Date: November 25, 2002

Effective Date:

December 1, 2002

Authorization:

November 19, 2002 in PSC Docket No. 01-307

For Bills Rendered on and after

Order No. 6053 dated

RATE SCHEDULE "SFS"

**SEASONAL FIRM SERVICE
(Continued)**

[This Rate Schedule is no longer offered in the new Tariff]

**Deleted: TRANSPORTATION AND
BALANCING SERVICE (Continued)**

¶
Firm Balancing Service
Rate: \$0.017 per Ccf of gas
consumed ¶

¶
PUBLIC UTILITIES TAX¶
¶
The Delivery Service, Gas Sales
Service, Firm Balancing Service,
and any other applicable rates or
charges are subject to the
Delaware Public Utilities Tax
unless the customer is exempt
from such tax.¶

¶
PAYMENT TERMS¶
¶
Bills are due within ten (10) days of
their date.¶

¶
MINIMUM BILL¶
¶
The minimum monthly bill under
this rate schedule is the customer
charge which will be billed during
the entire availability period of April
through November.¶

¶
**SPECIAL TERMS AND
CONDITIONS OF SERVICE**¶
¶
(1) Service under this rate is
subject to the standard terms and
conditions of service as in effect
from time to time under authority of
the Public Service Commission of
Delaware. It is also subject to the
limitations stated under the
"Availability" clause above.¶

¶
(2) Natural gas purchased
hereunder is for the use of the
customer in one location only and
is not to be shared or sold to
others.¶

¶
(3) A firm customer that transfers
from Gas Sales Service to
Transportation and Balancing
Service, as authorized under the
Company's tariff, may be required
to pay a transition charge in the
future to prevent the remaining firm
Gas Sales Service customers from
having to absorb stranded fixed
gas supply costs which would
otherwise be collected from the
firm Gas Sales Service customers
switching to Transportation and
Balancing Service.¶

¶
A firm customer that transfers from
Gas Sales Service to
Transportation and Balancing
Service or to Interruptible Sales
Service, as authorized under the
Company's tariff, will be billed for
or receive credit for any under or
over collection of gas costs from
prior periods.¶

¶
<sp>¶
Issue Date: September 1, 2006¶
Effective Date: For Service
Rendered on and after Novem... [1]

TRANSPORTATION AND BALANCING SERVICE (Continued)

Firm Balancing Service Rate: \$0.017 per Ccf of gas consumed

PUBLIC UTILITIES TAX

The Delivery Service, Gas Sales Service, Firm Balancing Service, and any other applicable rates or charges are subject to the Delaware Public Utilities Tax unless the customer is exempt from such tax.

PAYMENT TERMS

Bills are due within ten (10) days of their date.

MINIMUM BILL

The minimum monthly bill under this rate schedule is the customer charge which will be billed during the entire availability period of April through November.

SPECIAL TERMS AND CONDITIONS OF SERVICE

(1) Service under this rate is subject to the standard terms and conditions of service as in effect from time to time under authority of the Public Service Commission of Delaware. It is also subject to the limitations stated under the "Availability" clause above.

(2) Natural gas purchased hereunder is for the use of the customer in one location only and is not to be shared or sold to others.

(3) A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service, as authorized under the Company's tariff, may be required to pay a transition charge in the future to prevent the remaining firm Gas Sales Service customers from having to absorb stranded fixed gas supply costs which would otherwise be collected from the firm Gas Sales Service customers switching to Transportation and Balancing Service.

A firm customer that transfers from Gas Sales Service to Transportation and Balancing Service or to Interruptible Sales Service, as authorized under the Company's tariff, will be billed for or receive credit for any under or over collection of gas costs from prior periods.

Issue Date: September 1, 2006

Effective Date: For Service Rendered on and after November 1, 2006 –
Temporary Basis
Authorization: Order No. 7040 dated October 3, 2006 in PSC Docket No.
06-287F

RATE SCHEDULE "SFS"

SEASONAL FIRM SERVICE
(Continued)

[This Rate Schedule is no longer offered in the new Tariff]

Deleted: SPECIAL TERMS AND
CONDITIONS OF SERVICE
(Continued)

In addition to the above Delivery
Service rates, customers served
under this rate schedule may be
subject to one or more riders
containing additional charges
applicable to the service received,
such as ER and any applicable
franchise fees.

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Issue Date: December 10, 2003
Effective Date: For Bills Rendered
on and after March 1, 2004
Authorization: Order No. 6360
dated February 10, 2004 in PSC
Docket No. 03-529

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RATE SCHEDULE "TSFF"

TOWN OF SMYRNA FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the Town of Smyrna franchise fee, from all Consumers within the limits of the Town of Smyrna in accordance with the Franchise Agreement between the Company and the Town of Smyrna. This franchise fee will be in effect until December 31, 2014.

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APPLICABILITY

The Town of Smyrna Franchise Fee Rider will be applicable to all firm and interruptible Gas Delivery Service Consumers within the limits of the Town of Smyrna.

Deleted: custo

RATE

The rate applicable to all Gas Delivery Service throughput is \$.0181 per Ccf.

Issue Date: _____
Effective Date: For Bills Rendered on and after, _____
Authorization: Order No., _____

Deleted: December 14, 2004

Deleted: February 14, 2005

Deleted: 6570 dated February 8, 2005 in PSC Docket No. 04-466

RATE SCHEDULE "CMFF"

CITY OF MILFORD FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the City of Milford franchise fee, from all Consumers within the limits of the City of Milford in accordance with the Franchise Agreement between the Company and the City of Milford. This franchise fee will be in effect until June 27, 2019.

Deleted: custo

APPLICABILITY

The City of Milford Franchise Fee Rider will be applicable to all firm and interruptible Gas Delivery Service Consumers within the limits of the City of Milford, excluding those Consumers from whom the Company is prohibited by law from collecting said surcharge.

Deleted: custo

Deleted: custo

RATE

The rate applicable to all Gas Delivery Service throughput is \$0.010 per Ccf.

Issue Date: _____

Effective Date: For Bills Rendered On And After, _____

Authorization: Order No. _____

Deleted: December 10, 2003

Deleted: March 1, 2004

Deleted: 6360 dated February 10, 2004 in PSC Docket No. 03-529

RATE SCHEDULE "TGFF"

TOWN OF GEORGETOWN FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the Town of Georgetown franchise fee, from all Consumers within the limits of the Town of Georgetown in accordance with the Franchise Agreement between the Company and the Town of Georgetown. This franchise fee will be in effect until June 27, 2021.

Deleted: custo

APPLICABILITY

The Town of Georgetown Franchise Fee Rider will be applicable to all firm and interruptible Gas Delivery Service customers within the limits of the Town of Georgetown, excluding those Consumers from whom the Company is prohibited by law from collecting said surcharge.

Deleted: custo

RATE

The rate applicable to all Gas Delivery Service throughput is \$0.010 per Ccf.

Issue Date: November 9, 2006

Effective Date: For Bills Rendered On And After February 1, 2007

Authorization: Order No. 7118 dated January 23, 2007 in PSC Docket No. 06-363T

RATE SCHEDULE "MBFF"

TOWN OF MILLSBORO FRANCHISE FEE RIDER

PURPOSE

The purpose of this rider is to recover the Town of Millsboro franchise fee, from all Consumers within the limits of the Town of Millsboro in accordance with the Franchise Agreement between the Company and the Town of Millsboro. This franchise fee will be in effect until September 4, 2021.

Deleted: custo

APPLICABILITY

The Town of Millsboro Franchise Fee Rider will be applicable to all firm and interruptible Gas Delivery Service Consumers within the limits of the Town of Millsboro, excluding those Consumers from whom the Company is prohibited by law from collecting said surcharge.

Deleted: custo

Deleted: custo

RATE

The rate applicable to all Gas Delivery Service throughput is \$0.0181 per Ccf.

Deleted: all

Issue Date: November 9, 2006

Effective Date: For Bills Rendered On And After February 1, 2007

Authorization: Order No. 7119 dated January 23, 2007 in PSC Docket No. 06-364T